

WORLD NEWS

400 police in N London drugs raid

About 400 police, many in riot gear, raided the Broadwater Farm estate, North London...

UK and China disagree

Britain and China failed to resolve differences over the future of Hong Kong...

Threat of Soviet unrest

The Soviet authorities launched a campaign to forestall industrial unrest...

UK out of frigate project

The Government is to pull out of an \$30m project to build a NATO frigate because it cannot agree on a timetable...

Deal salutes marines

Thousands lined the streets of Deal, Kent, when the band of the Royal Marines School of Music paraded a week after the IRA bomb that killed ten of their comrades...

IRA man freed

Convicted IRA man Michael McKee, who escaped from a Belfast jail in 1981, was allowed bail in the High Court in Dublin...

Fast bomb arrests

Three people were arrested in Ulster after a bomb exploded on the Belfast-Dublin railway line near Lurgan...

Oslo-Moscow talks

Norway said the Soviet Union had agreed to talks to solve a dispute over territorial rights in the Barents Sea...

French workers strike

French prison officers went on an all-out pay strike after clashes with police using water cannon and tear gas...

Ambulance officers vote

Ambulance officers and controllers voted by more than 3-1 to join the crews' overtime ban...

Sunday post plan delay

The Post Office has postponed plans to re-introduce Sunday mail collections next month to permit more talks with union leaders...

100,000 fish killed

Pollution from "natural acidic matter" killed 100,000 young salmon and sea trout in the River Okefenokee in Devon...

Soprano to retire

Romanian soprano Helena Cotrubas, 50, who is giving a concert at Covent Garden, London, on Thursday, is to retire...

Reconciliation plan

The Archbishop of Canterbury Dr Robert Runcie began a four-day visit to Rome which will include talks with the Pope - with a plea for reconciliation between the Anglican and Roman Catholic churches...

Russian's drug evidence

A senior Soviet customs officer gave evidence at Chesham on how his men found nearly 8½ tons of cannabis bound for Britain at a Moscow railway station...

BUSINESS SUMMARY

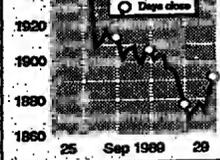
TSB poised to announce retail job cuts

TSB, sixth-largest UK banking group, could be poised to announce staff cuts as part of a big re-organisation of its retail operations...

The bank said last night it might bring forward some elements of plans to streamline its operations...

UK EQUITIES ended the third quarter of the trading year in good form, buoyed by the vigorous defence mounted for

FT Index



Ordinary share (hourly movements) 1989: 25 Sep 1989 29

sterling. The FT Ordinary advanced 9.5 to 1,885.7, still 63.6 down on last week's close.

MCKINSLEY, UK strategy consulting group, is negotiating to buy the Information Consulting Group...

RAT INDUSTRIES, UK tobacco-based conglomerate contesting a £13.5bn bid from Sir James Goldsmith's Hoylake consortium...

ROYAL GROUP is to drop the Austria name from the premises of its 940 dealers, in a conversion to a new corporate identity...

ESTATE AGENTS who give a poor or misleading service could face legal restrictions or a ban under new proposals put forward by the Office of Fair Trading...

COAL and ELECTRICITY industries are expected to begin formal negotiations soon on contracts for power station coal supplies after electricity privatisation...

LITTLEWOODS, UK retailing and football pools group, identified the equivalent of 180 surplus full-time jobs in its retailing division...

FRENCH stock market sees the introduction of a new takeover code on Monday, obliging acquirers to launch full bids if they own a third of a listed company's shares...

NATIONAL AUSTRALIA Bank and the Australia and New Zealand Banking group, the country's second and third largest commercial banks, confirmed they had taken cross-holdings in each other...

INDUSTRIAL EQUITY: The ASI 5bn (£917m) management-led bid to take over the Australian arm of Sir Ron Brierley's business empire struck snags over funding...

TRUSTHOUSE FORTÉ, UK hotel and catering group, reported a 20 per cent increase in pre-tax profits to £145m in the nine months to July 31...

UNILEVER, Anglo-Dutch multinational, agreed to pay £31.6m, including £23.8m of debt, for Jeyes Hygiene, an industrial cleaning products specialist...

Ferranti forced to write off £185m after ISC takeover

By Terry Dodsworth, Industrial Editor

FERRANTI, the troubled UK electronics group, will have to write off almost half of its equity as a result of the suspected fraud suffered in its ill-fated takeover of the US-based International Signal and Control...

The company is also suspending its dividends indefinitely, but will be seeking to resume trading in its shares next Tuesday after a two-week suspension. It said last night that it has instructed solicitors to take action over the suspected fraud...

In his first detailed statement on the débâcle, Sir Derek Alan-Jones, chairman, said Ferranti would have to write off £185m after tax. On the basis of last year's balance sheet, this would leave the company with net worth of £198.5m.

The restatement of last year's accounts would also reduce 1988 pre-tax profits by £23.2m to £27.5m, while in the current year profits would have to be £27m lower than the group had expected because of the suspect contracts...

Sir Derek refused to name individuals suspected of implementing the fraud. However he said that Ferranti believed the fraud started before the takeover of ISC with the creation of a complex trail of false customer, phantom contracts and non-existent subcontractors...

"It must have involved a large number of people, including some outside ISC," he said. "This was not done on the back of an envelope."

Sir Derek added that Ferranti had not so far located Mr James Guerin, the founder of ISC and deputy chairman of Ferranti before his abrupt resignation last May.

Mr Guerin, whose shares in Ferranti were sold for about £26m after he left the company, is believed to be in the US but has so far refused all requests for an interview. He recently issued a statement through his lawyers saying that most of the allegations of fraudulent contracts were "based on raw speculation and conjecture."

Asked whether he would like to talk to Mr Guerin, Sir Derek said: "It would be helpful."

Yesterday's statement underlines the depth of the financial problems now facing Ferranti. The restatement of last year's profits and balance sheet, prepared with the help of Coopers and Lybrand, the accountancy firm brought in to investigate the ISC affair, shows that £205m of stocks and debtors will have to be written off.

After the adjustments, including the adding back of £12.7m of dividends which shareholders will not receive, the shareholders' funds of just under £900m will be supporting debt which stood at £250m at the beginning of September.

These statements give no indication of Ferranti's current trading position, which is believed to have suffered from the uncertainty surrounding the ISC affair. Sir Derek stressed last night, however, that apart from the one ISC subsidiary which suffered the fraud, the rest of the group was "trading normally."

Table: The missing millions. Summary (£m) showing Original balance sheet, Adjusted for suspected fraud, and Re-estimated balance sheet.

Source: Ferranti

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Midland to launch telephone banking

By Alan Cane

MIDLAND BANK will tomorrow launch a UK-based remote retail bank regarded as the most advanced organisation of its kind.

The launch day, Sunday, is no mistake. Firstdirect, a wholly-owned but operationally autonomous division of Midland, will be the first British retail bank open for business 24 hours a day, seven days a week and its parent is losing no opportunity to publicise the fact.

Firstdirect will have neither high street branches nor local staff. Its service to customers will be based on personal contact over the telephone.

A £2m promotional campaign starts tomorrow evening with the first of a series of television commercials.

Sir Kit McMahon, Midland chairman, flew back from Washington to attend yesterday's press launch. Sir Kit, described as the father of the development, said he had remained in touch with Firstdirect during its gestation.

He emphasised that it was able to offer all the services of a conventional bank but with greater convenience and at lower cost.

Banking with Firstdirect will be free for those in credit or Continued on Page 24

Sterling intervention continues as money market forces pace

By Simon Holberton, Economics Staff

THE POUND ended higher yesterday after the Bank of England intervened to support the currency, but it faced mounting pressures in the money market where short-term interest rates rose sharply.

The Bank intervened consistently throughout yesterday and on occasions dealt through central banks in other countries. A battle of wills in London sterling was nearly a cent higher but slightly weaker against the D-Mark.

The stand-off with the money market brought to an end a week which has seen the pound fall in the wake of August's trade figures which showed a current account deficit in the month of £2bn.

On the Bank's trade-weighted sterling index the pound ended the week at 91.4, barely changed from last Friday's 91.6.

Share prices, however, have suffered as speculation mounted that the Government would be forced to raise interest rates to defend the pound.

The FT-SE 100 Share Index ended 7.7 np yesterday at 2,299.4. But over the week the index has fallen 70.8, or 3 per cent.

The UK markets are nervous and confused ahead of next week. There is a general expectation that interest rates in Europe will rise if the West German Bundesbank decides to raise its interest rates.

There is, however, little unanimity on what this might mean for the pound.

German markets have already discounted a near 1 percentage point rise in official Bundesbank interest rates and a bigger rise than this is not thought likely.

Meanwhile analysts believe that there must be a limit to this week's central bank intervention on the dollar. Some think that when the central banks cease intervening the dollar may rise.

EMU warning, Page 4; Battle to tame the dollar, Page 8; Money Markets, Page 13; Wall Street, Pages 14 and 15; London Stocks, Page 17; Government bonds, Page 17; Lex, Page 24

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For FT City Directory, FT-SE 100 Index and MF Access phone 0800 122454; Stock Market Report, 0800 122001; UK Company News, 0800 122002; starting rates, 0800 122004. Cash charged at 30p per minute, peak 8 standard and 20p per minute, cheap rate.

Contract row delays electricity sell-off for six months

By Maurice Samuelson and John Mason

THE GOVERNMENT was forced yesterday to announce a six-month delay in its timetable for the sale of the electricity industry following intense wrangling over the supply contracts under which the privatised companies will operate.

In what the Labour Party said was a significant setback for the Government's privatisation programme, Mr John Wakeham, the Energy Secretary, announced that the first flotations - of the English and Welsh distribution boards - would take place next autumn rather than in the spring.

Mr Wakeham confirmed the delay in the Government's biggest privatisation, expected to be worth more than £20bn, when he told leaders of the industry that the Cabinet had authorised a structure for the contracts with which it will be privatised.

The contractual package means that competition will be phased in over eight years, rather than straight away as many of the big consumers, eager to enter bulk purchasing contracts with the power stations, had hoped.

Mr Tony Blair, Labour's energy spokesman, said it represented a "humiliating climb-down" for the Government. The agreed contracts system conflicted fundamentally with its original plans and put back any semblance of competition for eight years.

Consumers would have to underwrite cost-plus contracts between the distribution companies and nuclear power stations. "This is a package for the City which mocks the interests of the consumer," he said.

Mr Wakeham told the heads of the two generating companies and the 12 distribution companies of England and Wales that, while the Government remained on target to complete the privatisation in the present Parliament, it could no longer meet the goal of vesting the industry on January 1, 1990, as planned.

"We will therefore aim to vest the industry at the end of March 1991. Because of this we have also decided to float the area boards in the autumn of 1990, with both generating companies being brought to Continued on Page 24

Weekend FT



TREADING THE GERMAN TIGHTROPE

Two generations after Hitler, the dramatic pace of events in eastern Europe has transferred the re-unification of Germany into the realms of possibility. David Marsh analyses prospects for the ending of German division. Page 1

Finance

David Berchard on a move to make credit more flexible. Page V

Planet Earth

Numerous rare animals face oblivion. Peter Knight describes greed, vanity and a recipe for extinction. Page XIV

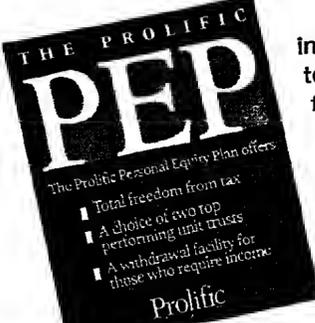
Diversions

John Newman defends the work of English Heritage; Robin Lane Fox and Arthur Hellyer on gardening; Paul Abrahams' hair-cuts; food; wine; cookery and Lucia van der Post's Hu: To Spend It. Pages XIV-XVI

Travel and Motoring

This week these features appear on Pages 6 and 7 of the front section

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OVERSEAS NEWS

Moscow invited to visit US space weapons labs

By William Dullforce in Geneva

THE US has invited Soviet experts to visit two laboratories conducting research into advanced space weapons. Mr Henry Cooper, chief US space defence negotiator, said Mr James Baker, Secretary of State, had extended the invitation to Mr Eduard Shevardnadze, Soviet Foreign Minister, during their recent meeting in Wyoming.

Mr Shevardnadze had called the invitation "constructive" and negotiators in Geneva had been instructed to discuss it further, Mr Cooper said. Soviet experts would spend two days studying nuclear particle beam work at the Los Alamos National Laboratory and one day at the TRW Corpora-

tion's Alpha laser testing site at San Juan Capistrano, California. The invitation aims at improving Soviet understanding of the controversial Strategic Defence Initiative (SDI) or "Star Wars" programme launched by former President Ronald Reagan. In Wyoming, Mr Shevardnadze dropped Soviet insistence on linking a strategic arms reduction treaty (Start) to US agreement not to develop a SDI system. But Mr Cooper said, Moscow had so far been reluctant to accept a US proposal that reciprocal visits aimed at enhancing predictability and confidence should be extended to research activi-

South African economy 'heading for a soft landing'

SOUTH AFRICA'S economy is on course for a soft landing, though high inflation and money supply growth, as well as the relatively low level of reserves and the current account surplus, continue to cause concern, Patti Waldmeir reports from Johannesburg. These are the conclusions of the South African Reserve Bank (central bank) in its quarterly bulletin, published yesterday. The bank notes that the rate of increase in both real domestic production and real gross domestic expenditure slowed in the second quarter of this year, with real GDP growth slow-

ing to an annualised 1/2 per cent, and real gross domestic expenditure growth easing to an annualised 2 per cent. The annualised figures for the previous quarter were 1.5 per cent and 6 per cent respectively. This provides "further evidence of the economy's cyclical cooling-down and of its having moved into the early stages of a consolidation phase," the report notes. However, inflation had accelerated "markedly and disturbingly" in the first two quarters of 1989, from already high levels in 1988. The consumer price index had quickened, on a seasonally

adjusted and annualised basis, from 9.2 per cent in the first quarter of 1988 to 18.4 per cent in the first two quarters of this year. Far too little progress had been made in slowing the increase in money supply, with the rate of increase in M3, the broadly defined money supply, still substantially exceeding the 18 per cent upper limit of the 1989 target range. The annualised current account surplus in the first half of 1989, at R2.2 billion, fell well short of the surplus recorded in the second half of 1988, because of a steep decline in the dollar price of gold and continued high import demand.

Large capital outflows, coupled with this shrinkage of the current account surplus, meant that foreign reserves could not substantially be replenished. In dollar terms, the value of gold and foreign exchange reserves fell in the first half. The year-on-year percentage increase in both Exchange receipts and real Exchange income in the first four months of fiscal 1989 greatly exceeded budget proposals. The eventual deficit before borrowing for the whole fiscal year may turn out to be less than envisaged in the budget proposals, the report notes.

City's liberal gesture fails to impress Blacks

Abolishing segregation won't bring the races into closer contact, writes Patti Waldmeir

FIFTEEN years ago, the good burgers of Johannesburg decided in principle to abolish the evil of petty apartheid from their shining city. When it came to swimming pools, buses and parks, though, they never got around to putting their good intentions into practice. Earlier this week, the city council decided it was time to correct that oversight. From now on, all the peoples of Johannesburg will be allowed to use all of the city's facilities on equal terms. In the morality play of life in South Africa, this must rank as one of the more pleasing vignettes. But as usual in South Africa, morality is certainly not the only - or even the most important - force at work. The white inhabitants of the city showed, in an opinion poll conducted by the city council, that they favoured desegregation of buses and recreation areas, and that quite a few of

them favoured shared swimming pools (though not a majority). But overwhelmingly, those who voted for integration lived in just those suburbs where virtually every house has a swimming pool, every matron has her garden and every family has at least one car. The ultra-right Conservative Party calls it the "north-south divide": the gulf between the abundant greenery of the northern suburbs and the much more modest residential areas to the south. And despite the high moral tone adopted by the city councillors who announced the decision earlier this week, their room for manoeuvre was - in practical and political terms - very limited. The September 6 general elections gave the ruling National Party a shock nationwide, as they lost a much higher-than-expected number of seats to the liberal Demo-

cratic Party. But in Johannesburg, this appears to have been especially acute: the Democratic Party actually gained more white votes in the city than the Nationalists. That may have helped the National Party-controlled management committee to the conclusion that if political concessions were to be made, they should be made to left, not right. So despite a majority result in the opinion poll against desegregating swimming pools, the council took its courage in its hands and went for integration. Whites Only signs have been removed from a beach near Cape Town where Archbishop Desmond Tutu is to lead a multi-racial demonstration today against apartheid. Local officials said the decision was "in line with a trend of ending petty apartheid".

It would have found it difficult to do otherwise. For some months ago, it emerged that the pools had never legally been segregated in the first place. Keeping blacks out was a matter of custom, not law. In those circumstances, to insist on segregation would have meant introducing petty apartheid regulations where none had previously existed - and would have put the Johannesburg council in a league with the ultra-conservative towns of Boksburg and Carletonville, which provoked black wrath by reintroducing petty apartheid after last year's municipal elections. Black leaders say they are unimpressed by the Johannesburg decision, noting that while "grand apartheid" remains in force - in the form of segregated residential areas and schools - all other change is irrelevant. The practical impact of the decision, too, may be limited.

Blacks are scarcely likely to swamp white pools, given that the apartheid education system does not, for the most part, provide for teaching them to swim in the first place. And so long as the bus system maintains the current tariff structure - with fares on the old black buses costing 60 per cent of the white bus fares - the passenger mix may not change that much. True, blacks can now choose which bus they prefer, but some were doing so already in any case, and further change will probably be slow in coming. But if blacks argue that petty apartheid was not a major item on their political agenda, it is hard to believe that the white political agenda has not been influenced by this decision. And as blacks continue to move, illegally, into white residential areas in Johannesburg, pressure on that agenda can only increase.

New French takeover code

By William Dawkins in Paris

A NEW takeover code takes effect on the French stock market on Monday, obliging predators for the first time to launch full bids once they have picked up a third of a listed company's shares. The rules are introduced in response to the growing wave of sometimes chaotically contested takeovers to sweep the Paris stock market. They follow more than a year's intense debate between regulatory authorities and financial institutions over the right balance between discipline and market freedom. They were ratified by Mr Pierre Bérégovoy, the Finance Minister, yesterday. They are closely in line with proposals launched by the French stock exchange council last April, to which Mr Bérégovoy

has made one or two minor technical changes in the light of parliament's views on separate legislation giving tougher powers to the Commission des Opérations de Bourse, the French stock market regulating body, a finance ministry official said. The main change from the stock exchange council's original scheme obliges bidders to offer for all listed subsidiaries and associates in which the target company holds a more than 33 per cent stake. This principle would not have applied in all cases in the draft proposal, officials said. Currently, investors can make partial bids, subject only to the requirement to declare their stakes at fixed thresholds from 5 per cent to 50 per cent.

It will no longer be possible for investors to take control via a large minority without offering the same price to the other shareholders. This means an end to tactics such as those used by Mr Bernard Arnault, who gained control of the LVMH luxury goods group by building up a 45 per cent stake with the British drinks group Guinness, without having to offer for the rest. The code, which the Government will publish in full shortly, exempts investors from making full bids in circumstances where crossing the 33 per cent threshold does not alter the control of the company. It also fixes the terms which holders of 55 per cent of a listed group must offer for the minority shares.

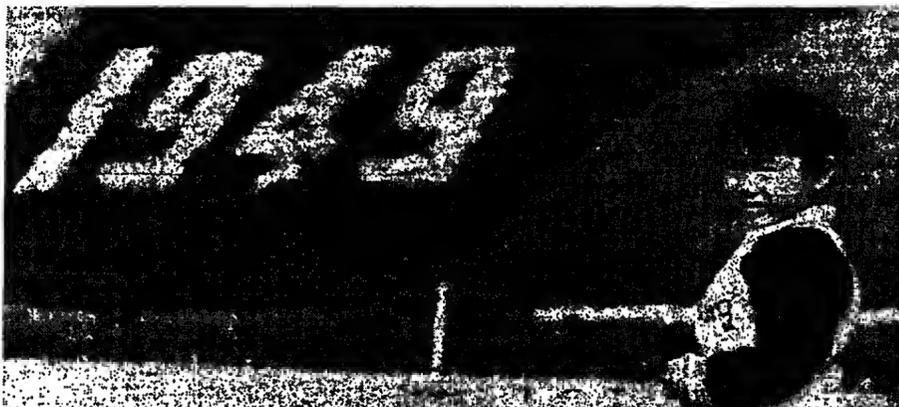
Upturn in W German births

By David Goodhart in Bonn

THE West German population may not be declining so much after all. The latest year book of the Federal Statistics Office suggests that the sharp decline in the birth rate over the past two decades, which has raised the spectre of an ageing society by the middle of the next century, may have ended. The Statistics Office, working mainly from a 1987 census, has also discovered that for the first time in West Germany's history the proportion of Catholics in the population (42.9 per cent) has overtaken that of Protestants (41.6 per cent). Much of the data conforms to trends in other industrial societies: average monthly

household income continues to rise - to DM5,100 (compared with DM3,600 for the whole year in 1989); that a household is increasingly likely to be a single one, up by 53.6 per cent since 1970 to 38.2m out of 38.2m; and is 34 per cent more likely to earn its income from the service sector than was the case in 1970. One-quarter of all four-person households now own a personal computer compared with only 14 per cent in 1986, and 44 per cent now own a video-recorder compared with only 20 per cent in 1985. The lower birth-rate has markedly changed the age structure since 1970. Then the

number of children under 15 was 23.2 per cent compared with 14.6 per cent now. The recent upward blip in the birth-rate meant that last year 677,300 babies were born, more than in any year since 1972. The trend seems to be continuing this year. It has still not been strong enough for births to overtake deaths but the "deficit" was down to 10,000 last year from 118,000 in 1985. The overall population has now reached 61,077m, which is 426,000 more than in 1970. But the number of foreigners in that figure has increased by 1.7m while Germans have decreased by 1.3m.



A PEKING child poses (above) with a toy machine gun in front of decorations commemorating the 40th anniversary of the founding of the People's Republic of China. China is preparing to mark tomorrow's anniversary of the 1949 revolution with a large propaganda campaign to justify 40 years of communist rule, and with the army standing guard to stop any of the unconvinced from marring the day, Reuter reports. The anniversary promises to be heavy with both symbolism and tension, with official festivities concentrated in Tiananmen Square, where pro-democracy protesters were

unmanned in June. Up to 100,000 troops are expected to be in the capital - almost as many as the civilians due to take part in organised dancing and other celebrations in the square.

23,000 join E German exodus

By Judy Dempsey in Vienna

MORE THAN 23,000 East Germans have crossed to the West via Hungary, according to figures released by the West German and Austrian authorities. The flow of East Germans follows Hungary's decision three weeks ago to suspend temporarily a bilateral agreement in 1983 with East Berlin which committed both countries to return citizens caught trying to escape to the West. So far, the Hungarian authorities have given no indication as to when they might re-invoke it, if at all, the agreement, particularly in the light of recent developments in the West German embassy in Prague. Over the past week, hundreds of young East Germans have crossed the Iron Railings into the Baroque Lobkovic Palace, bringing the number of 3,000.

US economic indicators rise

The US index of leading economic indicators, a barometer of future economic trends, rose by 0.3 per cent in August in a further sign of slow but steady growth, Reuter reports from Washington. The annualised rate in the index slightly exceeded Wall Street expectations of a 0.2 per cent increase after July's revised 0.1 per cent gain. The July increase was previously reported at 0.2 per cent. The Commerce Department figures signalled that slow but steady growth would be likely to occur in the next six to nine months. Five of the 11 indicators that make up the index increased during the month, led by manufacturers' new orders for consumer goods and materials.

Peru's cabinet resigns en masse

The cabinet of Peruvian Prime Minister Luis Alberto Sánchez has resigned to help President Alan García improve the government's image ahead of municipal elections, Reuter reports from Lima. Mr García, faced with increasing leftist guerrilla violence and an economic crisis, will now be free to name a new cabinet to serve in the last stage of his government before general elections due next April.

US negotiators race clock on steel quotas

By Nancy Dunne in Washington

US trade negotiators yesterday were racing towards tomorrow's deadline in around-the-clock talks hoping to conclude the bulk of agreements needed to renew the expiring US steel quotas for two-and-a-half years. Of the 23 nations involved in the current five-year steel programme, a number of small producers, including Poland and Hungary, have agreed to new "voluntary" restraint agreements. However, it was believed that none of the Big Five - Japan, the EC, South Korea, Brazil and Mexico - had yet signed on. Mrs Carla Hills, US Trade Representative, yesterday flew to New York to see Mr Frans Andriessen, the EC External Affairs Commissioner, leaving speculation in her wake that the meeting could produce a final settlement even the size of the Community's new steel quota. The agenda also included the dispute over the Community's beef hormone ban and the EC's plan to limit imports of foreign television shows. For the most part, the talks are being conducted, on the US side, by Mr Linn Williams, Deputy US Trade Representative, who has confidently predicted that a new steel programme will be in effect by

tomorrow. "There is no country with which we are dealing that I am not convinced will enter into a voluntary restraint agreement [VRA] and a consensus agreement on time," he said although he acknowledged there might have to be "some clean-up" after the deadline. US trading partners are being asked to agree to VRAs and to sign up for a "consensus" pact which would limit or eliminate subsidies. The US is reported to be seriously considering ending the consensus on the EC Steel Aids Code, which limits subsidies to research and development, cuts in production capacity, and compliance with environment standards. But Mr George Vary, for Arco Steel, said the industry favours a pact which eliminates all subsidies and opens all markets immediately. Talks are also centring on the time span of a consensus, which many countries want to expire in two-and-a-half years, while the US wants to extend it. Negotiated under the Uruguay Round of the General Agreement on Tariffs and Trade. There is disagreement, too, on how a consensus would be enforced.

Seoul current account goes into deficit

By Maggie Ford in Seoul

SOUTH KOREA has recorded a deficit in its current account for the first time since 1986. The Bank of Korea reported an August deficit of \$138m compared with a surplus of \$423m for the same month last year. The figure brings South Korea's total current account surplus this year to \$2.5bn, compared with \$6.1bn for the same period in 1988. The Bank said the August deficit was a temporary phenomenon, caused by importers bringing in capital and other goods early in anticipation of a devaluation of the won. The won has remained stable for the past few months following three years of appreciation. South Korea's trade surplus with the US in August was \$77m, for a total in the first eight months of \$3bn, a decline of 44 per cent over the same period last year. The Seoul Government has been following a policy of increasing imports from the US and dampening export growth. Trade volume with Japan is widening, with exports up 17 per cent to \$1.5bn and imports up 16 per cent to \$1.6bn in August. Officials have revised down the target figure for the current account surplus this year from \$8bn to \$7bn in the face of flagging exports while the economy goes through a transition period.

Aquino explains ban on Marcos's remains

By Greg Hutchinson in Manila

CONSIDERATIONS of security and justice were compelling President Corason Aquino to shirk time-honoured Philippine burial rights and bar the entry of the remains of the late ex-president Ferdinand Marcos, she said yesterday. President Aquino is taking this line at considerable risk to her own popularity and in face of mounting pressure from not only the opposition but some influential government senators who are urging her finally to make reconciliation. Mr Salvador Laurel, the Vice-President, warned this could be the "last opportunity" for such a national reconciliation. But President Aquino has held firm: no doubt with the unsolved murder of her husband, Ninoy, strongly in her mind. Marcos, who died after a lingering illness on Thursday, had been held responsible by Mrs Aquino for the killing of Ninoy as he arrived in the Philippines from the US in 1983. Asked yesterday if she was still interested in knowing who ordered her husband killed, she said: "I am after finding the truth once for all. As I said, reconciliation has to be based on justice." Asked if, now that Marcos was dead, she was more confident of getting back the wealth he is alleged to have removed from the country, she replied: "There is no great change in our activities," adding that she expected some good news from Switzerland by the end of the year. Marcos, his family and associates are said to have put hundreds of millions of dollars in a Swiss bank account. Mrs Aquino left open the possibility that at some later date she would allow the rest of the Marcos clan to return to the Philippines, but said that "the wrongs of the past have to be righted".



Aquino: taking a risk

Nigeria in deal on release of World Bank loan

By Michael Holman

NIGERIA has reached agreement with the World Bank on the release of the second half of a \$500m trade and investment policy loan, Mr Abubakar Abaji, the country's Minister of Budget and Planning, told a press conference in Washington yesterday. The main issue holding up an agreement - which should have been secured at the start of the year - has been the bank's insistence that Nigeria should cut spending on the unproductive Ajakuta steel project, which has so far cost more than \$3bn. This now appears to have been resolved, although some details of this and other issues

have yet to be settled. A World Bank official said yesterday that this week's negotiations had gone very well, adding that "a framework for agreement was in place" which would be subject to review and confirmation by bank. Both parties hope that disbursement could get under way in November. "The general consensus is that Nigeria has taken powerful (economic) measures and deserves the support of the international community," the minister said. He said that Nigeria would press for better terms next year from its official government creditors of the Paris Club.

Abidjan cocoa price cut

IVORY COAST, the world's leading cocoa producer, has slashed prices paid to cocoa farmers and now appears on the verge of ending a long stand-off with foreign creditors, trade and banking sources said yesterday, Reuter reports from Abidjan. President Felix Houphouët-Boigny offered an olive branch to the International Monetary Fund and World Bank on Thursday by halving the guaranteed cocoa producer price to 200 CFA francs (37p) per kilo. A big plantation owner himself, he had long resisted such a cut and pledged to maintain farmers' incomes, but foreign creditors have insisted that losses by the Caisse de Stabilisation (commodities marketing board) be cut. "A cocoa price commitment might be just what they're looking for... This could clear the way for a rescheduling and resumption of debt repayments," one banker said.

see the continuation of ivory trading under closer supervision, a position which could bring it into conflict with the UK ahead of the conference. Although Hong Kong "is fully committed to the conservation of endangered species, including the African elephant," Dr Lee said it would like to see trading in new ivory continue under a well-supervised global trading system, set up with better surveillance and controlled culling of the elephant population. A blanket ban would merely drive the business underground.

Japanese investors surge into foreign stocks

By Stefan Wagstyl in Tokyo

THE surge of Japanese portfolio investment overseas which began in April this year continued unabated last month, according to figures published yesterday by the Ministry of Finance. Net purchases of foreign securities totalled \$10.3bn compared with \$9.9bn in July. Direct investment also maintained the high level it has reached over the last 18 months - with Japanese companies investing \$2.2bn last month against \$3.6bn in July. These flows of funds are a key reason behind the strength of the US dollar on the foreign exchange markets since the spring. The ministry's monthly

report showed that both Japan's trade and current account surpluses fell last month compared with August 1988. The trade surplus dropped to \$4.9bn from \$5.5bn and the current account surplus to \$3.4bn from \$5.0bn. The ministry said it was the sixth year-on-year decline in a row. However, on a seasonally-adjusted basis the trade surplus increased last month to \$6.3bn from \$5.5bn in July. Exports rose 3.9 per cent to \$22.9bn while imports were flat at \$16.6bn. The adjusted current account surplus was also higher at \$5.1bn against \$4.1bn. Japan's jobless rate rose 0.1 points last month but still remained low at 2.3 per cent.

Hong Kong opposes ban on ivory trading

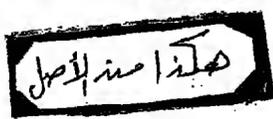
By Michael Murray in Hong Kong

DESPITE the seizure by Hong Kong customs officers of 700 kilograms of raw ivory, being smuggled into the Kwai Chung container port from a ship in Singapore on Wednesday, the territory intends to oppose vigorously a total ban being proposed by some signatory countries of the Convention on International Trade in Endangered Species of Wild Fauna and Flora which is set to debate the issue at a meeting in Switzerland next month. Hong Kong has come under heavy criticism for its role at the centre of the world ivory

trade, but it argues that a total ban will hurt local craftsmen and traders who legally acquired these stocks within convention regulations. The government is particularly concerned about existing stocks of ivory, both scraps and whole tusks, which amount to around 670 tonnes and have a market value of some HK\$3bn (\$50m). Hong Kong has an estimated 3,000 workers who depend on ivory for their livelihood, ranging from small craftsmen and traders to big international dealers. Dr Lawrence Lee,

Hong Kong's director of agriculture and fisheries, said yesterday that if trade in existing stocks was permitted, these people would be given a grace period of several years before all their legally acquired stocks, brought into Hong Kong with proper licences from convention-approved sources, ran out. He dismissed suggestions that Hong Kong dealers had been stockpiling ivory in anticipation of a worldwide ban. "There is absolutely no truth in such an allegation, because the existing stocks of 670

tonnes represent legal imports accumulated over more than 10 years," he said. Since June, Hong Kong has joined other countries in temporarily banning all imports of new ivory pending a ruling from the convention, though illegal shipments - such as that seized on Wednesday - continue to enter the territory. The government has said that though it would be willing to abide by a ban on trading in new ivory, even if this means the gradual winding-down of the local industry over a period of years, it would still prefer to



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LEBANESE DEPUTIES DEBATE ARAB LEAGUE PEACE PLAN IN SAUDI ARABIA

Beirut warlords stay home as 'democracy' resumes

By Lara Marlowe in Taif, Saudi Arabia

LEBANON'S "last chance" Parliament meets today in the Saudi Arabian mountain resort of Taif for Christian and Muslim deputies to debate the peace plan drawn up by the Arab League's tripartite committee.

The meeting comes after nearly 1,000 people died in six months of artillery bombardments set off by the determination of the Christian Lebanese leader, General Michel Aoun, to drive 40,000 Syrian troops out of the country.

Lebanon's Parliament was last elected in 1972. After the civil war started in 1975 it was impossible to hold parliamentary elections and the legislature's mandate was repeatedly renewed by successive wartime presidents.

Two attempts to achieve a quorum and replace the outgoing President, Mr Amin Gemayel, failed last year because Mr Samir Geagea, the leader of the "Lebanese Forces" Christian militia, threatened to shell the parliament building where a pro-Syrian Maronite was to be elected.



Aoun: his future in doubt whatever the outcome of talks

Both Mr Walid Jumblatt, the Druze leader, and Gen Aoun - who mutually detest one another - have disputed the legitimacy of the present parliament on the grounds that it no longer represents the Lebanese people. The argument may have a degree of validity, but the fact remains that the parliament is the last mechanism of Lebanese democracy and the only hope for restoring peace to the country.

Today's meeting is the result of an attempt by the Arab League, and in particular Mr Lakhdar Brahimi, the tripartite committee's special envoy, to transform a military conflict into a political dialogue.

League committee preferred to leave the presidency, the positions of commander-in-chief of the army and governor of the central bank, and other key positions, in Maronite hands for the time being.

Although Syria's closest Lebanese allies and the most adamant advocates of reform such as Mr Jumblatt and Mr Nabih Berri, head of the Shia Muslim Amal militia, are demanding the immediate abolition of the "confessional" system devised in 1943, they are likely to compromise if their Syrian mentors insist on co-operation with the peace plan.

Gen Aoun tried to persuade Christian deputies not to come to Taif. When that failed, he begged them to postpone the session. Finally, he asked that they adopt a unified position before leaving Beirut yesterday.

All of his requests went unheeded and Gen Aoun's career may well be over, although he continues to occupy the posts of commander-in-chief of the army and



Jumblatt: has expressed opposition to compromise

interim prime minister of the east Beirut government in the absence of any other authority. It is to re-establish such an authority that the Parliament was convened outside Lebanon where it would not be shelled or its members stopped en route at militia checkpoints.

If, as hoped, a working document can be agreed on, presi-

dential elections, the formation of a government and the enactment of political reforms that would distribute political power more fairly between Christians and Muslims should follow on Lebanese territory.

"The document itself is almost immaterial," says Mr Ibrahim. "The real question is whether they are willing to try to live and work together. If so, they could nominate one intellectual from each side and the two could draw up a plan over the telephone."



Geagea: has expressed opposition to compromise

The Arab League is trying to return Lebanon's future to the hands of the politicians. Even if the ageing and little known deputies meeting in Taif want "to try to live and work together", there is still a great danger that the militia leaders who have acquired so much power in Lebanon and who have been excluded from this process may sabotage it by resuming shelling or gun battles.

Mr Georges Sadeh, has praised the Algerian diplomat's efforts and is attending the meeting in Taif. But the Phalangists have been notorious in the past for their erratic and violent behaviour. If the militia-cum-party which wields so much power in the Christian enclave really has entered into a new phase of its history and is willing to accept equal rights for Muslims, it will have a hard time convincing its Muslim and Druze enemies of this. If the Phalangists are using Gen Aoun's gradual demise caused by his futile "war of liberation" and the Arab League plan as a Trojan horse for reasserting Maronite domination, the situation will grow worse.

Mr Ibrahim says, "If there is peace, they will be faced with an unknown. Everything is to be re-created."

One thing appears certain. Because Gen Aoun lost his war, the Maronites cannot shake off the Syrian influence they have so resented. As an Arab diplomat in the region pointed out, Syria's main concern is not so much justice in Lebanon as its own security. "Do you think there would have been political reforms if Frangieh had been elected last year?" the diplomat said. In 1983, Syria supported the election of Mr Suleiman Frangieh, a Maronite who is a friend of President Assad of Syria.

The question now, according to the same diplomat, is "whether Lebanon will have an extremely pro-Syrian President and very little reform, or a moderately pro-Syrian President and a lot more reforms."

US seeks \$1bn Saudi tank deal

By Peter Riddell, US Editor in Washington

THE US wants to sell up to 315 battlefield tanks to Saudi Arabia at a cost of between \$700m and \$1bn.

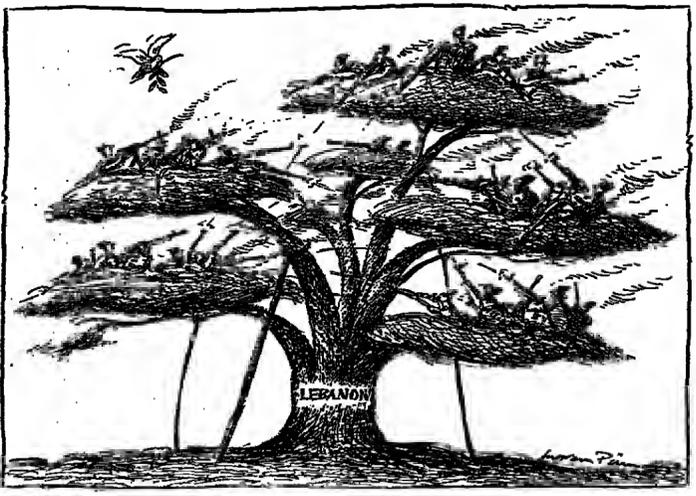
The plan to sell the M1-A1 tanks, produced by General Dynamics, has been raised by senior members of the Bush administration with members of the Israeli Government in discussions in the past few weeks.

Mr Dick Cheney, the Defence Secretary, and Mr James Baker, the Secretary of State, have told their Israeli opposite numbers that the US is prepared to take steps to meet Israel's security concerns provided there is no strong or active opposition to the deal.

The administration wants to reach a private understanding on the issue with Israel in the hope that the latter will not try to use its influence in Congress to block the sale.

Mr Baker is apparently hoping for a repeat of the July 1988 arrangement over the sale of 40 F-18 fighters and 300 Maverick air-to-ground missiles to Kuwait. The administration agreed to downgrade the level of the sophistication of the Mavericks, while it gave Israel military sales benefits to help its armaments industry.

In the latest discussions with Israel, the Pentagon has proposed that certain weapons and war materiel placed in Israel for use by the US military in the event of a Middle East war could be of dual-use capacity by both the Israeli and US forces. One suggestion is up to \$100m of equipment suitable for either army might be placed in Israel and be paid for as used if Washington approved.



Shamir meets Bolshoi



Mr Yitzhak Shamir, the Israeli Prime Minister with a ballerina from the Bolshoi Ballet, which is on a first visit to Israel.

Mubarak calls in UN speech for PLO-Israeli talks

By Michael Littlejohns, UN Correspondent

EGYPTIAN President Hosni Mubarak said yesterday that favourable conditions exist now for a Palestinian-Israeli dialogue without preconditions.

Letting the opportunity slip would be a grievous mistake "exceeding all errors made in the past" on the Middle East question, he said. Mr Mubarak told the UN General Assembly that the talks he proposed should explore ways to end the conflict, based on the principle of exchanging "territory for peace."

The Egyptian leader has been seeking to arrange talks between Israeli and Palestinian delegations to prepare for elections among Palestinians in the Israeli-occupied West Bank and Gaza Strip. But as he was speaking mainly in his capacity as chairman of the Organisation of African Unity, he covered the Middle East situation only briefly and did not stress his own mediation effort.

Saying that peace efforts had begun to bear fruit, he said he hoped that a dialogue now, based on UN Security Council resolutions 242 and 338, would produce conditions for a comprehensive settlement. These resolutions call in part for Israel's withdrawal from territories occupied in the 1967 war.

Mr Mubarak is due to meet President George Bush in Washington on Monday, and is expected to urge him to throw more weight into Middle East peace-making. His UN speech came amid a flurry of meetings variously involving Mr James Baker, the US Secretary of State, and the foreign ministers of Egypt, Israel and the Soviet Union.

Mr Edward Shevardnadze, the Soviet Minister, on Thursday again urged Israel to accept an international Middle East peace conference when he met his Israeli counterpart, Mr Moshe Arens.

He also offered to host talks between Israel and Palestinians in the Soviet Union, warning the Israelis that if the Palestine Liberation Organisation is excluded from peace talks, there will never be a settlement. The PLO yesterday eagerly accepted the Soviet proposal, but Mr Arens reiterated that Israeli law prohibits contacts with the organisation.

Thyssen in Iran deal

By David Goodhart in Bonn

THYSSEN, the West German steel and engineering group, is set to resume business with Iran after several years on an Iranian Government blacklist.

The company has settled a long-standing disagreement with Iran arising from work on the Isfahan oil refinery which was completed in 1981.

another West German firm Mannesmann (25 per cent). After completion of the National Iranian Oil Company and Thyssen were in conflict over various payments, and a few years later Thyssen was black listed.

The resumption of normal business relations has been facilitated by an out-of-court payment by the Iranians to Thyssen's Iran-based subsidiary.

Alexandria plans return to former glories

By Tony Walker in Cairo

WHEN the great library of Alexandria was destroyed by Julius Caesar's legions during the siege of the city in 48BC, the ancient world was robbed of its pre-eminent seat of learning, and the city itself fell into a long, slow decline that continues to this day.

In Alexandria this week, a tentative step was taken towards resurrecting some of the city's former glory with the award to a Norwegian-led group of an international prize for the design of a new library to be built on a coastal site not far from where the original was located.

The award-winning architects and designers chose the rising sun as their inspiration for a proposed, tilted structure that will emerge, almost organically, from the ground.

shunned a "flat" floor plan to avoid a "claustrophobic" effect common to many libraries.

The circular structure will be huge. It will stand 31 metres above the ground at its highest and will cover an area of 52,000 square metres. Apart from the library, there are plans for a museum, conference centre and planetarium on the site which faces Alexandria's famous, sweeping corniche, bordering the Mediterranean.

Miss Cordula Mohr, an art historian and member of the design team, said the building should be regarded as an institution "reaching into the next millennium" with a "universal" role as a centre of learning and culture.

The successful nine-member Saohetta design team, which includes six different nationalities, beat 1,000 participants from 77 countries for the \$60,000 first prize. The plans took about four months to complete, and the work was done in Los Angeles which is more or less on the same latitude as Alexandria.

tion of natural light, while protecting books and manuscripts from direct sunlight. The roof is also designed to help cope with the high temperatures of Alexandria during the summer, and to provide what was described as "acoustical control".

Another special feature of the proposed building will be the outer wall which will carry the artwork of the world's modern and ancient cultures in keeping with the aim of achieving a universal appeal.

The new Alexandria library is expected to cost about \$180m to build, and funds will be raised by international subscription. Unesco is co-ordinating fund-raising efforts.

Dr Saad al-Rawi, Unesco's representative in Cairo, said there had already been a "lot of interest" in funding from countries such as Italy and Japan, and from the Getty Foundation. He hoped that work could begin in six to 12 months, and that the building could be completed by 1995.

It was important to remember this "was not a library in the traditional sense, but a cultural centre for all mankind."

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UK NEWS

Job loss fears as TSB restructures after profit fall

By Jimmy Burns, Labour Staff

TSB, Britain's sixth largest banking group, could be poised to make staff cuts as part of the first stage of a radical reorganisation of its retail operations, say union officials. The bank said last night that it might bring forward "some elements" of its plans for streamlining which were not due to be revealed until the end of next month. It refused to comment on reports that an early announcement on job losses could involve several hundred senior and middle-ranking managers as well as many other redundancies. Senior TSB managers are due to meet representatives of the Banking, Insurance and Finance Union (Bifin) on Monday. The bank said last night this was part of a regular series of meetings with union officials to discuss the bank's planned "strategic review". One senior union official said last night that, although Bifin itself had yet to calculate a figure and had not been informed of the TSB management, it was now clear that the bank was planning a "reduction of jobs". Concern over the job implications of TSB's strategic review are reflected in the leader of the latest union journal. It says: "Members in TSB are growing increasingly uneasy regarding the proposed structural changes within the organisation. Demands are growing for information regarding possible job losses and job relocation." Bifin claims to have evidence that redundancies are already taking place, although TSB has denied that any are linked to reorganisation. Mr Bill Whiteman, Bifin's assistant secretary told the union's journal: "It would appear that very senior people have left the organisation taking considerable cash settlements with them." TSB's intention to streamline its operations to make them more competitive were first announced at the end of July by Mr Peter Ellwood, the chief executive of retail banking. Mr Ellwood, who joined TSB from Barclaycard in March, said he aimed to create a leaner and fitter structure in the bank. At the time, Mr Ellwood said he would not rule out the possibility that the changes would lead to some job losses but declined to comment on reports that restructuring could mean as many as 1,800 redundancies. The proposed streamlining follows a steep drop in pre-tax profits during the half-year that ended in April. Half-year profits for the group before tax were 22.4 per cent down on last year at £164.5m.

Austin logo to disappear from Rover dealerships

By John Griffiths

THE Austin name is to disappear from the premises of Rover Group's 940 dealers. The name Austin Rover will go in a conversion starting in January. They will be converted to display a new corporate livery in maroon, gold and cream and proclaiming only the name Rover. A pilot dealership, an outlet of the Charles Clark group at Telford, has already been converted. Rover Group, now part of British Aerospace, erased Austin again without any announcement within the corporation itself on September 4, when it changed the name of its car-making subsidiary from Austin Rover to Rover Cars. The revamping of dealer premises is being timed to coincide with the arrival in showrooms from the end of this year of the new Rover 200/400 car range being unveiled at Motorfair next month. The cars form the vanguard of a wave of new products to be introduced by Rover starting early next year, and which are aimed at turning the company into a producer catering mainly to the prestige end of each major model sector by the mid-1990s. Rover had been hoping to get the changes in corporate livery under way without much publicity, because they form only part of a much wider programme aimed at raising standards which has been going on behind the scenes for several years. Some basic details emerged this week however, in the newspaper, Motor Trader. Mr Kevin Morley, commercial director of Rover Cars, last night refused comment on how much is being spent on the revamping of the corporate image, which is being funded jointly by the company and dealers. "It is expensive - but the dealer network fully recognises the benefits". Mr Morley said the current changes now under within the group "have been developing over a number of years". They are understood to include putting some 40,000 dealer network employees through customer satisfaction training, a two-year programme which is understood to be now nearing completion. Given Austin's lacklustre image in the UK itself, it was decided to drop the Austin name from the cars themselves for the 1987 model year. Apart from Land Rover and Range Rover, the only surviving non-Rover name is MG, which the research showed still has a strong sporting image to which a sizeable potential customer body remains strongly attached. It is thus regarded as still valuable and is likely to appear on future sport products, as well as being used on some Metros, Maestros and Montegos.

Cracking down harder on the City cheats

Richard Waters looks at the authorities' latest initiatives to combat white-collar crime

CRIMINAL deception is one way of describing it. "Theft by lying" is the phrase Det Supt Don Randall of the City of London police prefers to use. It is not defined in English law. Its more common name is fraud - the white-collar crime which, in the public imagination, has become the unspectacular side of the great City boom of the past decade. Figures released this week confirm the scale of the problem. City fraudsters are reported to have stolen, or to have tried to steal, just under £500m in the year to July. The full picture is much worse, however, as much fraud goes undetected or unreported. According to a survey by the City of London police, less than a third of the financial institutions have a policy to report all frauds to the police. Many leave it to the discretion of managers. Perhaps as many as one in five are deterred from reporting fraud through fear of bad publicity. That considerable fraud goes unreported is suggested by the survey's finding that more than half the companies said they had at some time been the victims of fraud. Nearly two thirds of all frauds are committed by employees, according to the City police fraud squad. Much is minor, petty crime committed by junior employees. However, it all adds up and increases fears that fraud has become a City pastime. According to a survey by the City of London police, less than a third of the financial institutions have a policy to report all frauds to the police. Many leave it to the discretion of managers. Perhaps as many as one in five are deterred from reporting fraud through fear of bad publicity. That considerable fraud goes unreported is suggested by the survey's finding that more than half the companies said they had at some time been the victims of fraud. Nearly two thirds of all frauds are committed by employees, according to the City police fraud squad. Much is minor, petty crime committed by junior employees. However, it all adds up and increases fears that fraud has become a City pastime. According to a survey by the City of London police, less than a third of the financial institutions have a policy to report all frauds to the police. Many leave it to the discretion of managers. Perhaps as many as one in five are deterred from reporting fraud through fear of bad publicity. That considerable fraud goes unreported is suggested by the survey's finding that more than half the companies said they had at some time been the victims of fraud. Nearly two thirds of all frauds are committed by employees, according to the City police fraud squad. Much is minor, petty crime committed by junior employees. However, it all adds up and increases fears that fraud has become a City pastime.

whether fraud was becoming more common but added: "There is evidence that people think it is increasing." Improved detection and reporting, and more public - or at least journalistic - interest may account for much of the apparent rise. Activities like insider dealing have also become a criminal offence and others which had previously attracted little attention in the "clubby" world of the City (such as the reinsurance scandals at Lloyd's), have been pursued. According to the City police, electronic payment systems are high on the modern fraudster's target list, along with traditional crimes like telephonic fraud, fraudulent transfers of funds and forged bills of exchange. Another perennial favourite is extracting an advance fee on the promise of a large contract which never materialises. Computer fraud is still rare - at least in its pure form of corrupting computer programs - although computers, with their speed and lack of human involvement, can help fraudsters. A representative of the Hong Kong Independent Commission Against Corruption said in London this week: "Of course computers have been involved, but they have not been intrinsic to the fraud. In most cases the fraud could have been perpetrated equally successfully if quill pens and accounting machines were still in use." Recent large attempted frauds in the UK illustrate the pattern. Payment systems are often the target and detection



Police survey findings

- Electronic payment systems are high on the hit list
More than half the companies surveyed said they had been hit by fraud
Nearly two-thirds of fraud is thought to be committed by insiders

Police success in persuading companies to report fraud more frequently is also boosting the figures. Much police effort in the City is going into encouraging financial institutions to do this. Mr Randall said: "If someone does rob you, it is better to report it than sweep it under the carpet. We can offer prevention advice and promise to investigate it positively." Encouraging companies to report crime, however, raises another question. Mr Levi said: "You are opening a Pandora's box. If you try to get higher reporting, you have to be able to investigate it. Otherwise you have raised expectations you cannot fulfill." Mr Randall claims to have - or be able to get - all the resources he needs to tackle City fraud. However, much also depends on public confidence in the system for investigating and prosecuting fraud. Recent cases have done little to improve this confidence. In the biggest one, which arose out of the Lloyd's scandals of the early 1980s, two defendants were acquitted last month, two others were too ill to stand trial and another died in the long period it took the case to come to court. The creation of the Serious Fraud Office and amendments to the Criminal Justice Act designed to speed investigations are the most significant new weapons in the authorities' armoury. However, they have yet to prove themselves against the tide of sophisticated fraud. That tougher enforcement will weed out more crime is not seriously questioned. One insider dealing investigator in the UK said: "Give me twice the investigators and I will uncover twice the number of cases."

Littlewoods says 1,850 retail jobs are surplus

By Maggie Urry

LITTLEWOODS, the retailing and football pools group, has identified the equivalent of 1,850 surplus full-time jobs out of 27,000 jobs in its retailing division. The jobs are going through natural wastage, voluntary early retirement, the ending of temporary staff contracts and redeployment of staff. Many retailers are looking at staff reductions. As turnover of staff in retail operations is often high, jobs can usually be taken out without major redundancy programmes. Littlewoods, which is a private, family-controlled company, has just completed a performance improvement review, which showed that a number of jobs were being duplicated.

A total of 1,850 jobs were found to be surplus and were removed as people left or became eligible for early retirement. Another 700 jobs are planned to go over the next three years. Unaided, the shopworkers' union, said it wanted to see the report justifying the job losses, which would affect more than 2,000 people in all. Jobs have been lost throughout the retail division, including the high street shops, the home shopping operation and at head office. Most of the 700 jobs yet to go are in the home shopping business. Littlewoods said the move to reduce jobs was part of a range of initiatives to improve its market position.

Talks on power station coal to start soon

By Maurice Samuelson

THE COAL and electricity industries are expected to begin formal negotiations shortly on the commercial contracts for power station coal supplies after the electricity industry is privatised. The negotiations will take place between British Coal and National Power and PowerGen, which will inherit the power stations of the Central Electricity Generating Board. There is disagreement about how quickly the negotiations can be concluded. Civil servants, worried about the prolonged delay in the electricity privatisation timetable, are said to be pressing for the coal contracts to be sewn up by the end of October. British Coal, noting that it has taken the electricity industry 15 months to settle its own

differences, feels that one month is a ridiculously short period in which to determine the fate of nearly the whole of its future business. It is bracing itself for the battle ahead. Sir Robert Haslam, the British Coal chairman, last night emphasised the strength of the coal industry's case to retain the bulk of its business and called for "a balanced outcome" to its talks with the generators. His statement followed yesterday's announcement by Mr John Wakeham, the Energy Secretary, that the Cabinet had approved the contractual framework with which the electricity industry would be sold off over the next 18 months. With more than three quarters of British Coal's output

sold to the electricity industry, the Corporation is anxious to prevent its biggest customer from defecting to other fuels or to imported coal. The generating companies have spoken of cutting their bulk coal purchases from 75m tonnes a year to 60m in the first few years after privatisation. British Coal will try to minimise the losses but in the event of failure would have to contemplate further closures. Under the formula approved by Ministers on Thursday, a quarter of the electricity business will be based on contracts between generators and distributors lasting up to eight years, with some of the remainder on five-year contracts. British Coal hopes that this will provide long-term security for the core of its own

power station sales. Sir Robert said in Manchester that the dramatic restructuring of British coalfields and difficulties plaguing many other coal-exporting nations "confirm the credibility of British Coal's case to be the dominant supplier of choice to our biggest customers." Over the past two years prices for coal imports into Western Europe had risen by more than 50 per cent. In four and a half years, British Coal had more than halved the number of its collieries and in the past eight months alone had closed 20 mines and cut jobs by another 25,000. Sir Robert added that no other industry had carried such an intensive contraction since the axing of the railways in the 1960s.

Brittan calls for minimum VAT rate

A MINIMUM rate of value added tax should be applied throughout the European Community, Sir Leon Brittan, Britain's senior EC Commissioner, said yesterday. His stance distances him from the British Government's view that member states should be free to decide their own VAT rates. However, he stopped short of supporting full harmonisation and said member states should be free to apply higher rates. He said that accepting a minimum rate of VAT would avoid countries making excessive reductions in indirect taxes to remain competitive.

Clarke may tell NHS to use pendulum arbitration

By Alan Pike, Social Affairs Correspondent

THE GOVERNMENT plans to use statutory pendulum arbitration to resolve disputes between hospitals and health authorities under its proposed National Health Service reforms. Under changes planned in the white paper Working for Patients, the financing and supply of health care would be separated, with health authorities entering into new forms of contract with hospitals for the provision of treatment. A document giving details of how the contract proposals would work was circulated to health authorities yesterday. The system is likely to give rise to disagreements between hospitals and health authorities over some contracts and the document shows that Mr Clarke intends to use statutory powers to resolve them through conciliation and binding arbitration. It says Mr Clarke is minded to stipulate that the arbitration panel should have to find for one party or the other and not be able to compromise. This system of pendulum arbitration would "impose maximum pressure on both parties to make sensible final offers to each other." Contracts will begin to operate

in 1991, and the Government intends that all health services should be placed on a contractual footing by 1994-95. It expects the great majority of non-emergency hospital admissions to go to hospitals with which a local health authority has entered into advance contracts. Although the document says that general practitioners will retain the right to choose to refer patients elsewhere, it adds: "This principle cannot be interpreted as a licence for GPs to disregard the contract arrangements." "The district health authority as budget-holder is accountable for its expenditure and it cannot therefore be put in the position of being a mere cypher and reflecting individual GPs' wishes regardless of their effect on other patient services." Mr Clarke, who earlier this week persuaded the British Medical Association to withdraw its opposition to one set of his proposals - drug budgets for GPs - said yesterday: "Critics of the white paper have tried their best to persuade people within the NHS not to take forward its proposals. They have manifestly failed."

BBC to launch business news

By Raymond Snoddy

BBC Television launches its Breakfast Business Programme on Monday - the Corporation's largest commitment so far to business and financial news. It will be a segment of the BBC's re-launched breakfast television service, which is designed to have a harder news edge. The business news will run from 6.32am to 6.55am and there will be updates in Breakfast News, which will run until 9am. Breakfast Business, presented by Rodney Smith, Fiona Foster, Ros Bew and Paul Barden, will use daily satellite feeds from New York and Tokyo to provide a worldwide financial news service. It will also have its own daily review of the financial press and the City pages of general newspapers.

Success for gilts buy-in

By Patrick Harverson, Economics Staff

THE BANK OF ENGLAND successfully completed its fourth reverse auction of gilts yesterday. When its £400m offer for stock was more than three times oversubscribed. Dealers said the auction went very well for the Bank, with plenty of investors willing to sell. "With the market looking soft because of base rate fears, no one wanted to miss the opportunity to get stock into the Bank," one analyst said. The acquisition of gilts by the Bank is part of the Government's programme of buying

back debt to compensate for the surplus of public sector revenues over expenditure. The last reverse auction was on June 30, and a further one may be held in 1990. The stocks targeted by the Bank, the average price and yield at which they were purchased and amounts raised were: 12% Exchequer Stock, due 1999-2002, at 107.7% to yield 10.71%, £27.1m bought. 9% Exchequer Stock, due 2002, at 83.8% to yield 10.13%, £38.6m bought. 13% Treasury Stock, due 2000-2003, at 119% to yield 10.66%, £34.1m bought.

Soldier in leak inquiry

A BRITISH soldier serving in West Germany is to be brought back to Northern Ireland, where he served previously, after being questioned about alleged security information on IRA suspects, the police said yesterday. The soldier was interviewed about a montage of nine IRA suspects in Londonderry that was sent to The Sun newspaper last week. Mr John Stevens, the Cambridge deputy chief constable, is investigating a series of alleged security leaks from members of the Royal Ulster Constabulary and the Ulster Defence Regiment to loyalist paramilitaries.

The alleged leaks have strained the Anglo-Irish agreement. Mr Stevens is investigating at least seven leaks on more than 300 IRA suspects. The RUC has warned many of them that Protestant extremists may have their identities. The Glasgow-based Daily Record said it had been sent photographs of 10 IRA suspects. The soldier who sent them said: "They are very easy to come by." The soldier, which had previously received a list of 60 leaked photos, said it had handed over all the documents to the police. Mr Stevens has boosted his inquiry team to create a 19-man squad.

Humberside plant

PARMATIC Fibres of New Jersey is to build a European base at Flixborough, South Humberside, to design, develop and make high technology fibres, separators and anti-biofouling equipment for the shipping and aerospace industries. The move will create about 100 jobs, mostly skilled, over three years. The company's products are used in submarines, aircraft carriers and civilian ships.

Wandsworth Tory

THE CONSERVATIVES held their one-seat majority in the London Borough of Wandsworth with victory in a ward by-election. Voting showed a 2.2 per cent swing to the Tories since the 1986 council elections.

Economist warns over delay on EMS

By Patrick Harverson, Economics Staff

BRITAIN will miss the opportunity to shape the future of the Economic Monetary Union in Europe if it delays full participation in the European Monetary Fund until then, a senior French economist warned yesterday. Mr Charles Wypoz, an economics professor in Paris, said a system of monetary co-operation within Europe could be set up under the leadership of the Bundesbank, the West German central bank, if Britain

declined to participate in the establishment of EMU. He told a meeting in London organised by the Centre for Economic Policy Research: "If Britain chooses to wait then the outcome the UK Government is least likely to want, a Bundesbank for Europe, will be more likely." Mr Wypoz said that Britain's choice was between continued exchange rate fluctuation outside the EMS and reduced monetary independence within it. The removal of capital controls within Europe, due in the middle of next year, would make complete harmonisation of monetary policy inevitable.

France, Italy and Spain were likely to support joint sharing of monetary authority within EMU as an alternative to increasing exchange rate stability and "subservience to the Bundesbank in the EMS," Mr Wypoz said.

Member of Collins family joins publishing venture

By Raymond Snoddy

A MEMBER of the Collins publishing family is joining with a London merchant banker to launch Collins & Brown, a publishing company devoted to the production of high quality illustrated non-fiction books. Mr Mark Collins, former managing director of Collins Publishers and deputy chairman of Westminster & Nicolson, the publishers, has teamed up with Mr Cameron Brown, former Guinness Mahon banker and founder and chief executive of Abaco Investments, the financial services group. It is planning to issue its first titles next autumn. Mr Collins, who will be publisher of the new company, unsuccessfully opposed the selling of family shares in Collins to Mr Rupert Murdoch's

News International, which now controls the company. He said yesterday: "In recent years more and more book publishers have been swallowed up by media conglomerates which are themselves in a constant state of flux. This opens up real opportunities for new ventures." Apart from the principals, the shareholders in Collins & Brown include a number of City and industrial investors. The company says it is well capitalised and has substantial funding for the development of long-term publishing ventures. Mr Brown said the business was sufficiently financed "to enable us to take our time and develop projects of lasting value rather than feeling pressured by the demands of the bottom line."

RBLA Company

The Royal British Legion Attendants Company is based in Cambridge and not in Cheddle Hulme as reported in the Financial Times yesterday. Its UK network includes branches in London, Leeds, Cardiff, Manchester, Poole and Preston.

A/S JYSKE BANK

US\$ 40,000,000 Floating Rate Notes due 1994. In accordance with the terms and conditions of the Notes, notice is hereby given that for the six months period from April 28, 1989 to October 31, 1989 the coupon amount per USD 10,000 will be USD 480.50 and per USD 250,000 will be USD 12,013.89.

Table with columns: High Low, Company, Price, Change, Div, Yld, P/E. Includes entries for various companies like Avanti, Avanti, Avanti, etc.

IG INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. An AFB member. Reuters Code: IGIN, IGIO. FT 30, FISE 100, WALL STREET. Sep. 1880/1886 +3, Oct. 2304/2314 -1, Dec. 2330/2340 -3, Oct. 2706/2718 +9, Dec. 2724/2736 +9. Prices taken at 5pm and change is from previous close at 4pm.

Advertisement for WRC (Water Quality Research Centre) featuring a frog and the text: 'WHEN IT COMES TO WATER QUALITY, WE'RE IN OUR ELEMENT. Drinking water quality is an issue of growing international importance. Our multi-disciplined research approach and wide experience supports those who set the required standards and those who have to meet them.'

UK NEWS

Rifkind welcomes heritage agency

By James Burdon, Scottish Correspondent

SCOTLAND'S new environmental protection agency will be more sensitive to the country's needs than the Nature Conservancy Council which it will replace, Mr Malcolm Rifkind, the Scottish Secretary, said yesterday.

Mr Rifkind also rejected fears that the planned new body would result in a slackening of Scottish conservation standards.

A natural heritage agency for Scotland is to be set up after the NCC is split into separate bodies for England, Scotland and Wales. It will absorb the divided NCC and assume its functions, along with those of the Countryside Commission for Scotland.

The proposed split, announced in July by Mr Nicholas Ridley, the former Environment Secretary, has been warmly welcomed in Scotland but strongly criticised by the NCC and some UK-wide conservation bodies.



Malcolm Rifkind: different approach than in the south

Mr Rifkind said: "The way we protect our environment must necessarily be different to the way it is approached in the south-east, where population pressures are much greater. The natural heritage agency will display a greater sensitivity and awareness than a body based in Peterborough."

However, he said, its "first and foremost role will be the continuation of the work of its predecessors in protecting our unique and priceless landscape, wildlife and habitats. The new agency will ensure that its operations match those of similar bodies in England and Wales through the use of common criteria, protocols and monitoring standards."

The splitting of the NCC and the creation of the new Scottish body will require two parliamentary bills. Yesterday the Royal Society for the Protection of Birds condemned the scheme, saying it would mean "less nature conservation."

Mr Rifkind said at a conference in Aviemore that the Government wanted to secure a major improvement of the environment of industrial Scotland, partly by means of a plan for woodlands around urban areas. It favoured both commercial and amenity tree planting in the rural areas.

Mr Rifkind, whose speech was welcomed by a representative of the Green Party, said environmental improvement and economic growth were interdependent, not alternatives. "Rather than seeking a green counter-revolution we should harness technology and industry to both the elimination of poverty and the protection and improvement of the environment," he said.

Although the Government was committed to market forces, this squared fully with the need for "even more stringent controls on pollution and a longer-term view of resource planning."

Ocean-going merchant fleet falls below 500

By Kevin Brown, Transport Correspondent

THE NUMBER of ocean-going merchant ships on the British register fell below 500 last year for the first time in this century, Transport Department figures showed yesterday.

Merchant Fleet Statistics, the department's annual report on the industry, shows that the number of ships over 500 gross tons registered in the UK, Channel Islands and Isle of Man fell by 24 to 482, including 45 foreign-owned ships.

That compares with 3,092 ships in 1950 and a recent peak of 1,682 in 1975, after the average size of ships had been dramatically increased by containerisation.

The statistics tell a similar story in terms of the capacity of ships on the register, which fell from a peak of 31.5m gross tons in 1975 to 6.5m tons at the end of last year.

The number and tonnage of ships owned by British companies, some of which are registered abroad, also continues to fall. Ownership has fallen from 1,614 ships of 80-3m tons in 1975 to 621 ships of 10.6m tons at the end of last year, the report shows.

The figures indicate that the fall in the size of the fleet has not bottomed out as ministers had hoped, although there is some evidence that the rate of decline is slowing.

However, the General Council of British Shipowners said the position had worsened since the end of last year. Its figures show 437 vessels on the British register at the end of June, of which 416 were UK owned. The total number of UK-owned ships had fallen to 601 of 10.2m tons.

The council plans to start campaigning shortly for the reintroduction of subsidies to encourage shipowners to order new ships.

It says the reduction in the number of ships has severe implications for the balance of payments, weakens the UK's bargaining position in international trade and threatens the ability of the merchant fleet to fulfil Britain's obligations to the North Atlantic Treaty Organisation.

The council claims the rate of decline speeded up after the withdrawal of capital investment incentives in the 1984 Budget. It wants Mr Nigel Lawson, the Chancellor, to relax some form of taxation relief.

If nothing is done, the council warns, the fleet will continue to decline. The council's last campaign, in 1987, attracted the support of more than 165 MPs but failed to convince the Chancellor.

Mr John Prescott, the shadow Transport Secretary, said yesterday that a future Labour Government would seek to increase the size of the fleet.

Officers and controllers join ambulance dispute

By Jimmy Burns, Labour Staff



Roger Poole: "This is an escalation of the dispute."

DISRUPTION to Britain's ambulance services looks set to intensify next week after officers and controllers voted by more than 3-1 to join the industrial action over pay.

Results of the ballot, announced yesterday, showed 1,413 in favour of action and 419 against in a turn-out of just over 50 per cent.

Ambulance officers act effectively as line managers. They normally organise ambulance crews and station staffing, although some have been known to cover for absent ambulance workers. Controllers answer 999 emergency calls and help in ensuring that cover is efficiently distributed.

The 2,500 officers and 1,000 controllers are due to join the two-week overtime ban by 19,000 ambulance workers which has strained coverage of 999 calls, particularly at weekends.

Union officials say that their intention remains to try and ensure that 999 calls are met within the normal shift working periods of ambulance crews.

However, they warned that yesterday's ballot result will increase the possibility of "unnecessary fatalities and injuries."

as they have always done in the past... instead of stirring up further disruption."

According to Mr Nichol, union leaders have hardened their position after initially recommending acceptance of a 6.5 per cent national pay offer, with an additional 2 per cent for workers in London, submitted through the Whitley Council, the joint union-management negotiating body on pay.

He has offered further negotiations on the recruitment and retention of key workers in the service through additional pay for skilled staff, conditional on the overtime ban being lifted.

Union officials however insist that industrial action has been reluctantly taken because of the Government's "intransigence" in refusing to submit its pay claim to arbitration.

The Government claims 20 per cent of ambulance staff belong to the non-TUC Association of Professional Ambulance Personnel and have refused to join the overtime ban.

The 31,000-strong Association of University Teachers is to submit a claim for a 27 per cent pay rise for university lecturers. The settlement date is next April.

Global warming report urges co-operation

By John Hunt, Environment Correspondent

GREATER co-operation between Commonwealth countries to combat global warming is advocated in a report by environment experts investigating the problem for the Commonwealth Secretariat.

The report, which is to be debated at next month's meeting of Commonwealth heads of government in Kuala Lumpur, stresses that developing countries cannot be expected to abandon rapid economic growth in order to reduce greenhouse gases such as carbon dioxide.

The report rejects the introduction of a carbon tax on fuels such as coal and oil on the grounds that it would not

win general acceptance. However, it adds: "Energy pricing and fiscal measures can undoubtedly be used in a more general way to provide a major incentive for energy efficiency."

The study group on the greenhouse effect was chaired by Dr Martin Holdgate, former chief scientific adviser to the Department of the Environment and now director general of the International Union for the Conservation of Nature and Natural Resources.

Its report urges Commonwealth environment ministers to hold periodic consultations and for member countries to

harmonise their policies at international meetings on climate change.

Priority should be given to providing technical assistance to developing countries, it says, and calls for a permanent Commonwealth group to evaluate the global warming problem.

The scientists recommend that Commonwealth countries should, where practicable, substitute natural gas for coal in generating energy because gas produces less carbon dioxide.

They believe nuclear power is unlikely to be a practical option in developing countries because of the high capital investment needed. They say: "We do not believe that nuclear energy will contribute on any large scale to the reduction in greenhouse gas emissions."

They estimate that temperatures will be between one and two degrees centigrade higher by the year 2030 than today and the rise in sea levels could be between 17cm and 26cm.

They point out that even a small rise in sea level on the Guyanese coast would inundate most agricultural areas.

Climate Change, Meeting The Challenge, Commonwealth Secretariat, Marlborough House, Pall Mall, London SW1Y 5EX

Post Office postpones Sunday collections

By Jimmy Burns

POST OFFICE has postponed its plans to re-introduce Sunday mail collections next month to allow for further talks with union leaders representing postal workers.

Management was insisting last night that it remained determined to begin Sunday collections in five areas by the end of November even if no agreement is reached with the Union of Communications Workers.

The Post Office said: "As a result of our constructive discussions we hope to introduce Sunday collections in full co-operation with the union. But whatever happens in these discussions, Sunday collections will go ahead within the next two months."

However, it is thought that the decision not to unilaterally re-introduce the Sunday collections at the beginning of October as previously planned followed a compromise agreement reached by both sides during exploratory talks this week.

Under the agreement UCU leaders have suspended any further moves towards the organisation of a ballot on industrial action which left-

wing shop stewards have been pressing for.

In return the Post Office has agreed to broaden the agenda of negotiations to include proposed organisational changes in the current Monday-Saturday service.

The UCU has been pressing for the changes to include greater financial resources at local level to allow for increased overtime pay and extra staffing.

Union officials have also been arguing in favour of an additional weekday delivery in big cities to relieve overloading of postbags and sorting offices.

Details of the agreement, endorsed by the UCU's executive on Thursday, have been conveyed to the union's membership in a special circular.

Postponement of the plans for Sunday collections comes less than two months after Mr Bill Cockburn, Royal Mail's managing director announced they were going ahead as a key aspect of its efforts to improve customer service.

The UCU is worried that the initiative could lead to the use of casual labour and worsening conditions for existing staff.

Labour 'will limit union immunities'

By Philip Stephens, Political Editor

THE Labour Party yesterday issued a detailed statement of its planned employment legislation in an attempt to counter the charge that it would provide blanket legal immunities for trade unions if it wins the next general election.

The statement says that a Labour government would restrict the legal protections offered to unions to "lawful trades disputes."

In parallel, it aims to meet the concerns of union leaders that judicial procedures are biased in favour of employers by proposing new pre-employment injunction procedures and, possibly, the creation of specialist tribunals or courts to interpret industrial relations law.

The document's publication comes ahead of what is expected to be a difficult debate on employment law at next week's Labour Party conference, with many of the big unions calling for the repeal of much of the present Government's legislation.

It is signed by Mr Michael Meacher, the employment spokesman, and by Mr Eddie Haigh, the assistant general secretary of the TGMU.

However, it was seen at Westminster yesterday as part of a vigorous attempt by Mr Neil Kinnock, the Labour leader, to minimise the party's commitment to a big overhaul of existing legislation. Labour's strategists have identified employment law as an area in which the party remains particularly vulnerable to attacks by the Conservatives.

A Labour spokesman insisted that the latest statement was fully compatible with the policy laid down in the People at Work section of this year's policy review.

It goes significantly further than the policy review, however, in defining the situations in which unions would be subject to punitive action by the courts.

The statement says that unions organising industrial action would continue to have the legal protection, or immunities, they enjoy at present.

Industrial action outside the ambit of a lawful dispute would not enjoy immunity or protection from damages and unions would be subject to normal enforcement procedures by the courts. Unions, however, would not be exposed to total sequestration of their assets.

Halifax in switch to cheque books

By David Barchard

HALIFAX, the largest UK building society, launches a cheque book current account for its customers this weekend, reversing its earlier decision to use only electronic methods of money transmission.

The move comes nearly 2½ years after Nationwide, another second-largest building society, offered the first interest-bearing cheque account. All the main clearing banks pay interest on current accounts and Halifax has bowed to pressure to follow suit.

Mr Dick Spellman, Halifax's general manager for marketing, said yesterday that he did not think the society was entering the market too late.

"There is still a big market for this sort of product and we are confident that we will do well in it," he said.

The new account, called Maxlin, will be harder to obtain than the interest-bearing current accounts launched by the banks. To open one, existing Halifax customers - as well as new ones - will have to pass credit scoring and credit reference tests.

The account will receive a 4 per cent interest on balances below £100, rising to 6.50 per cent on balances of more than £2,000.

There will also be a £50 cheque guarantee and cash withdrawal card. This will probably be the first UK plastic card issued on a large scale to carry the logo of National Identity, the inter-bank electronic shopping payment scheme which started this autumn.

Attack on Tory economics to be centrepiece of Labour conference

By Philip Stephens, Political Editor

THE LABOUR Party signalled yesterday that it plans to make an attack on the Government's economic strategy one of the centrepieces of its annual conference next week in Brighton.

In separate speeches, the party's three senior spokesmen on the economy underlined their confidence that the sharp deterioration in the trade deficit and the threat of another rise in interest rates would undermine Labour's strong lead in the opinion polls.

The economic problems faced by Mr Nigel Lawson, the Chancellor, are also seen as an ideal platform for Labour to "confirm next week the new, more market-based, economic strategy adopted in its policy review earlier this year."

The party will face a counter-attack from ministers who will insist next week that

Labour's plans for privatised industries would result in the "confiscation" of money due to individual shareholders.

Mr Kenneth Baker, the Conservative Party chairman, is also expected to press his claim that Labour proposals for changes in employment legislation would result in handing back power to militant trade union "bosses."

Mr John Smith, the shadow Chancellor, yesterday highlighted Labour's call for the implementation of a new industrial strategy to repair "the neglect of research and development, of education and training, and of the regions."

He said in a speech in Llanarkshire that another rise in interest rates would be disastrous not only for homeowners but also for industry and exporters.

Mr Bryan Coull, the party's trade and industry spokesman, accused Mr Lawson of creating a "supply-side crisis" in the economy which had led to this year's sharp deterioration in the trade deficit.

Mr Gordon Brown, the party's Treasury spokesman, released new figures which he said showed that this year's rises in mortgage rates had resulted in sharp cuts in the living standards of Britain's homeowners.

Some 2.3m were £30 per month worse off, while another 3.2m were losing more than £50 per month, he said.

The party leadership will aim, during the next few weeks, to emphasise the party's commitment to negotiate, rapidly, full membership of the European Monetary System if Labour wins the next election.

Graduate recruitment 'to worsen in the 1990s'

By Charles Leadbeater, Labour Editor

SHORTAGES of graduate recruits are likely to worsen significantly in the 1990s, according to a report published yesterday by Warwick University's Institute of Employment Research.

The report says a combination of factors such as the decline in the number of young people, continued technological changes and increased competition from Continental European employers for British graduates is likely to exacerbate current shortages.

Graduate recruitment and employment policies are increasingly likely to be reformed as shortages become more acute. Employers will attempt to redesign jobs so they fully exploit the scarce skills of graduates leaving less demanding tasks to other less qualified workers, the report says.

In addition employers are likely to press for easier substitution between graduates and skilled non-graduates. Pressure to increase the numbers of

para-professionals in a range of occupations will mean that barriers to recruitment created by professional institutions will come under increasing scrutiny.

The relative pay differential of male professionals has been maintained since the 1970s, but the rate of return from obtaining a degree has fallen steadily since the 1960s.

The rate of return on a degree - extra earnings graduates can expect from the investment they make in their education - has fallen from 17.5 per cent in 1955 to about 8.5 per cent in the 1980s.

For chemists the rate of return fell from 20 per cent in the 1950s to 9 per cent in 1985, for doctors from 21 per cent to 12.5 per cent while for teachers it fell from 10.5 per cent to 1.5 per cent.

The IER Bulletin, is available by subscription from Publications Office, Coventry CV4 7AL, annual subscription £10.

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Motorists make a cleaner choice

Maurice Samuelson on the growing demand for unleaded petrol

PROSPECTS for a cleaner Britain are looking up, at least in terms of the number of drivers opting for unleaded petrol.

Demand for unleaded has soared since Mr Nigel Lawson's Chancellor made it cheaper than regular four-star petrol through tax changes in the last Budget.

Clean air activists might argue that environmental considerations have had more to do with the growing use of unleaded petrol than its price.

The Campaign for Lead Free Air (Clear), which has just ended a week-long campaign, hopes the use of unleaded petrol will rise from the present 24 per cent of petrol sales to more than 50 per cent.

Clear's campaign is part of a wider move towards unleaded petrol involving oil refiners, motor manufacturers, garage owners and the Government.

In March, Mr Lawson made unleaded petrol 10 pence per gallon cheaper than four-star. The differential has since widened to 12p.

At the same time, he created room on the forecourts for unleaded pumps by increasing the taxes on the less used two-star and three-star brands in the hope of reducing their share of the market in favour of unleaded.

In doing so, the Chancellor was following the example of the authorities in West Germany, where 60 per cent of sales are unleaded.

The use of unleaded petrol began to catch on several years ago but until recently it was still being used by only a very small percentage of drivers, in spite of the low cost - rarely more than £15 - of adjusting their vehicles and the offers of some car manufacturers to adapt newly-supplied cars free of charge.

Only this week, the Automobile Association joined the ranks of companies making special offers. It is holding free engine retuning sessions today.

Unleaded petrol, when first introduced by Esso several years ago, cost 4p more than a gallon of regular four-star.

Unleaded sales leapt from 2 or 3 per cent to 13 per cent immediately after the Budget. They have risen to 24 per cent in the seven months since then. The indications are that sales will carry on rising, although more slowly.

According to Shell UK, however, this still leaves Britain seventh in the West European league table of unleaded users, headed by West Germany, with 60 per cent unleaded.

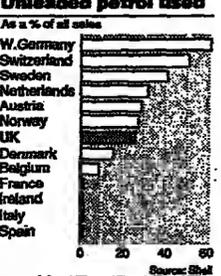
Other countries behind which Britain lags are Switzer-

land (50 per cent), Sweden (40 per cent), Austria (28 per cent), Holland (21 per cent), and Norway (26 per cent).

At the bottom of the table are Denmark (15 per cent), Belgium (9 per cent), France (8 per cent), and the Irish Republic, Italy and Spain with less than 1 per cent each.

With 75 per cent of British cars now capable of using unleaded petrol with little or minimal adjustment, the greening process is only a matter of time.

In the next six months, however, the process could be complicated by a Government decision on how long garages should be permitted to sell



Docklands leisure plan launched

By David Churchill, Leisure Industries Correspondent

PLANS for a £100m leisure and exhibition complex in the Royal Victoria Dock, were submitted to the London Docklands Development Corporation yesterday by Londono, a subsidiary of the John Laing construction company.

The project, designed to be completed by the end of 1992, would have a 20,000 seat multi-purpose indoor arena and an exhibition hall of 23,000 sq metres.

Londono hope the complex would attract about 2.5m visitors a year.

Mr Anthony Nissen, Londono's chief executive, said the project would be part of the planned regeneration of the Royal Docks and the neighbouring London borough of Newham.

He added: "The exhibition industry estimates that by 1996 London will require at least an additional 76,000 sq metres of space."

"Our exhibition hall will be central, comfortable and convenient - not just for London but for the emerging European market."

It is also planned to stage sporting and cultural events as well as pop concerts.

The complex would be built on the north side of the Royal Victoria Dock, near the British Rail north London line and on the Becton extension to the Docklands Light Railway.

The exhibition and leisure centre would be managed by SMG International, the European affiliate of SMG of the US, which already manages a number of such projects in the US.

Mr Nissen said: "Under SMG's direction hundreds of long-term jobs will be created in areas such as building management, personnel, security, and catering."

Skills shortage 'an obsession'

By Charles Leadbeater

PERSONNEL managers are becoming afflicted with the Mrs Robinson syndrome - an obsession with the recruitment of young graduates and mature women - according to a report published today.

The report, by Incomes Data Services, the pay research group, on the effect of the decline in the number of school leavers on recruitment patterns, casts doubt on the scale of the difficulties employers will face.

The mounting concern about labour and skill shortages in the next decade has arisen from the acute problems faced by a few sectors, the report says.

It says: "The obsession with recruitment is in danger of crowding out the most important issue, how to retain and develop people to work in new ways."

It concludes that many of the solutions employers are

adopting such as raising pay rates for graduates and school leavers or improving child care facilities, may create as many problems as the demographic changes which they are attempting to weather.

Most employers have underestimated the extent of the changes they will have to make to working practices, the organisation of working time and their training and education policies, the report says.

About a third of businesses hardly ever recruit school leavers because they need experienced, skilled staff or people able to work shift patterns.

It would be unwise to generalise from the recruitment difficulties faced by large service sector employers, such as retailers, banks and building societies, which employ large numbers of young people.

Much of the concern reflects the poor education that many young people receive rather

than the simple decline in their numbers, the report says.

Rather than increasing pay rates for young people it will be more important for employers to improve their education, training and induction programmes, especially if they lower the qualifications they demand of school leavers.

This approach, combined with better career counselling at school, will help employers to retain the young people they recruit, IDS says.

The report also casts doubt on the value of companies improving child care arrangements in an effort to recruit older women. It suggests employers would be wiser to concentrate on retaining and developing the part-time women staff they already employ.

IDS Focus, No 52, September 1989, is available by subscription from IDS, 193 St John Street, London EC1V 4JS.

TRAVEL

Crème de la crème of the ski slopes

Next week sees the publication of Arnold Wilson's book, Thomas Cook International Top 50 Ski Resorts. Here, he describes his favourites, from Alta and Aspen to Val d'Isère and Zermatt.



Aspen, Colorado: still amusing the rich and famous on and off the piste

AN OLD friend often asks me what possible pleasure I can get from sliding down a mountain on two planks. For his benefit, and others like him, I would like to try to explain. On a perfect skiing day, the fierce sun mixes with the chill mountain air and a billion snow crystals sparkle like chandeliers. Your face tingles, your lungs fill with mountain air and some fresh snow, kicked up by the glinting edges of your skis, sprays across your face. A champagne glass of it is inhaled into your lungs, taking your breath away. Then gravity sends you flying, tumbling and slithering down the mountain. You search for breath, your knees go through the pain barrier and suddenly you are cruising and gliding as gravity becomes your friend rather than your foe. Your secret fuel, your passport to skiing ecstasy. It is a dizzying cocktail, skiing. For preference it needs a special canvass of huge mountains, awe-inspiring scenery and an altered state of consciousness to achieve full effect. Some ski resorts produce it. Others do not. Here are my favourites, in alphabetical order.

ALTA, Utah Those who make the annual pilgrimage to Utah's Wasatch mountains are not exactly following in the footsteps of the Mormons, but they are convinced that they have found paradise near the Great Salt Lake. For them, these slopes are like shrines. Alta's most dedicated enthusiasts find the skiing almost a religious experience. The snow falls with a muffinence unequalled almost anywhere. Like many US resorts, it rose from the ashes of the mining industry. In the 1930s a huge snowslide came churning down

the mountainside and wiped out the entire village, including the schools that were a favourite haunt of gunfighters. It symbolised the end of the mining era and the beginning of the skiing age. Every weekend people were flocking in from Salt Lake City to hike doggedly up the mountains and come hurtling down on skis. In 1938 Alta's first chairlift creaked its way up Collins Gulch, opening up some of the finest skiing in the US. Baldy Chutes, with their narrow, breathtaking drops, are a delight. High Ruisler - long, steep and mostly - is superb, especially in dry, chest-high powder. Spiny Ridge has some excellent long chutes such as Sidewinder and Glory Hole. In spite of such exciting skiing, Alta offers one of the cheapest lift passes in America: around \$25.

ARGENTIERE, France Take a cliff or two from Jackson Hole, a generous slice of La Grave and a large measure of Val d'Isère; add several feet of powder and some large chunks of ice and you have Argenterie, the skiers' ski resort. It is the fabulous and unusually challenging off-piste skiing that attracts the cognoscenti. The scenery is remarkable.

ASPEN, Colorado The most sophisticated and trendy ski resort in the US. Some women actually ski in fur jackets. Twinkling with Victorian street lamps and all-victorian round Christmas tree lights, Aspen has scores of restaurants scattered around its cobble sidewalks and pedestrian malls. Aspen Mountain has a reputation for being tough, with no skiing terrain for beginners. Five double black diamond runs (blacker than black) peel

off like Red Arrow snails trails at the edges of the International Trail: Bear Paw, Zaugg Dump, Perry's Prowl, Last Dollar and Short Snort. They look innocent enough, but the double diamond signs flash a message to your brain like a skull and crossbones. However, there are plenty of wonderful sweeping runs on the beaten track for gentler skiers like Ruthie's and Copper Bowl.

HEAVENLY VALLEY, California/Nevada The name is far from being a misnomer. The more heavenly looking side is in California, where Tahoe, the world's most beautiful alpine lake, stretches out before you. On the Nevada side, the scenery is almost as spectacular but totally different. It is more like an impression of hell - the seemingly endless, hazy, bakingly hot Nevada desert. As you ski down the Skyline trail with your friendly Heavenly Hostess, you hardly know whether to look towards the lake or the desert (or the hostess). This dramatic choice of scenery means that you tend not to look where you are skiing.

KITZBUHEL, Austria Height it may not have, but Kitzbuhel has just about everything else going for it, including the dreaded Streif descent of the Hahnenkamm, a stomach-churningly fearsome downhill classic. The racers who like to race the first descent of the air. Elsewhere the area beneath the Steinbergkogel is among the most challenging. Although much of the skiing is a little on the tame side, the Kitzbuhel experience is unique. Its medieval walled and cobble streets, clustered gabled houses, arches and buildings with colour-washed facades are a delight. And so are its tea rooms and coffee shops. Just think of all those goopy cakes waiting for you at the end of a day in Austria's most famous

JACKSON HOLE, Wyoming The stark and stunningly beautiful peaks of the Grand Teton and Middle Teton just skywards like giant sharks' teeth. With their peaks shimmering in the powerful Wyoming sun, they form with Mounts Owen,

Teewinot and New Fance Peak the Cathedral Group, as mystical a spot as one could encounter. There are no foothills to reduce the impact - only the 60 mile-long valley floor, or "hole" through the Rockies, which stretches 18 miles across to the Gross Ventre (Fat Stomach) mountains. For thousands of years the valley was hidden. Then the Indians came: Snake, Crow and Blackfoot, followed by trappers and mountain men. One of them, Davy Jackson, gave the valley his name. The hills are swashbuckling, breathtaking, rugged. Rendezvous Mountain is riddled with rocky gullies, steep tree-lined chutes and wide-open, ungrooved descents like the Hobacks that seem to hang in mid-air above Teton Village way below. The most celebrated skier in Jackson's crown is Corbett's Couloir. To conquer it, one must leap from an overhanging cornice and land in the chute 18ft below. But there are plenty of other chutes which do not involve quite such dedication.

LA GRAVE, France La Grave is breathtaking, wild and unique - an old climbing village which skiers have infiltrated. From the spectacularly beautiful Col de Lautaret, you came your neck almost vertically and towering above you is a huge mountain range. A microscopic collection of bubble-like struts together like heads can be spotted climbing into the heavens. It looks impossibly steep and there seems to be an ocean of sky between those tiny pin-prick gondolas and the ground. They transport you into a chillingly beautiful glacial paradise which falls steeply away from the mighty Meije (13,123ft). The slopes are grueling and relentless rather than severe, and totally ungrooved. Huge glaciers and moraine fields make you feel like an Alpine Tom Thumb. Without a

guide, you would not only be unsafe - you would also feel very much alone in a powerful, beautiful but almost alien world. St ANTON, Austria St Anton towers peak and shoulders above the rest of Austria's resorts. On your first visit - or even second and third - the extent of the skiing is bewildering. Although the town is almost the antithesis of the conventional concept of the Austrian ski village - a rather boisterous, cosmopolitan town - the skiing is excellent. The pivotal mountain is the famous Valluga from which red runs - plus a few fierce blacks - fan out in all directions. An alternative route is the extraordinary Arlen Sattel chairlift up the Schindler's. As you arrive, dangling in space among jagged mountain tops, a truly remarkable

panorama unfolds. It is possible for skiers with a guide to continue to the very top of the Valluga at a tiny yellow cablecar and ski an extreme run down to Zurs through some excellent powder fields. St Anton's tiny satellite, St Christoph - a handful of buildings cocooned in deep snow like a plate of profiteroles - has a fairly-tale quality not found anywhere else in Austria. St MORITZ, Switzerland The most famous skiing resort in the world conjures up images of racehorse hooves pounding across the frozen lake, men of steel hurling themselves down the infamous Cresta run and elegant, lavishly scented and fur-coated women and their escorts savouring a meal at the celebrity-packed Palace Hotel.

Many people think that the best of the six skiing areas is Cortina, but I prefer Legalb and Diavolezza, both near the picturesque village of Pontresina. Legalb has one of the most testing black runs in Europe. Ten descents are said to be the equivalent of Everest, but I was exhausted after four. Diavolezza is one of the most beautiful glaciers in Europe, culminating in a breathtaking descent to Morteratsch. SUN VALLEY, Idaho Officially the oldest ski resort in the US, it was built in 1936 by Averell Harriman, chairman of the United Pacific Railroad, to promote more winter business. The new Tyrol they created bore closer resemblance to Hollywood's concept of it than reality. There were even reindeer sleighs. If there were no reindeer in the Tyrol, who cared? Continued opposite

MOTOR CARS JAGUAR AUTHORISED DEALERS GUY SALMON JAGUAR XJS 1989 XJS V12, Westminster/Edin, 31,000 miles, extra £20,950 1989 XJS V12, White/charcoal, 16,500 miles, extra £20,950 1989 XJS V12, Silver/white, 11,000 miles, extra £20,950 1989 XJS V12, Convertible, White/magnolia, 9,200 miles, extra £20,950 1989 XJS V12, Convertible, White/magnolia, 9,700 miles, extra £20,950 SALOONS 1989 XJS 2.0, Westminster/Edin, 21,000 miles, extra £16,950 1989 XJS 2.0, SP Green/charcoal, 16,000 miles, extra £17,950 1989 XJS 2.0, Arden/white, 10,000 miles, extra £17,950 1989 XJS 2.0, Grenadier/Edin, 11,700 miles, extra £19,950 1989 XJS 2.0, Grenadier/huckster, 5,300 miles, extra £20,950 1989 XJS 2.0, Grenadier/white, 8,200 miles, extra £20,950 1989 XJS 2.0, Arden/white, 7,200 miles, extra £20,950 1989 XJS 2.0, Bordeaux/dorset, 9,000 miles, extra £20,950 1989 XJS 2.0, Solent/dorset, 9,200 miles, extra £20,950 1989 XJS 2.0, Solent/dorset, 17,000 miles, extra £20,950 1989 XJS 2.0, Solent/dorset, 25,000 miles, extra £20,950 1989 XJS 2.0, Solent/dorset, 17,100 miles, extra £20,950 1989 XJS 2.0, Solent/dorset, 17,200 miles, extra £20,950 1989 XJS 2.0, Solent/dorset, 11,600 miles, extra £20,950 1989 XJS 2.0, Solent/dorset, 17,000 miles, extra £20,950 JAGUAR SPORT 1989 XJS 3.0, Tugboat/dorset, 10,000 miles, extra £20,950 1989 XJS 3.0, Arden/magnolia, 10,000 miles, extra £20,950 1989 XJS 3.0, Tugboat/dorset, 11,000 miles, Ltd Ed, extra £24,995 1989 XJS 3.0, Tugboat/dorset, 10,700 miles, extra £20,950

Motoring Toyota's watershed LAST WEEK, I drove the same car on a German autobahn, a Belgian autoroute, a US freeway and a selection of European country roads. A bid for an entry in the Guinness Book of Records? Or a demonstration of the scope of air freight, world-wide? No. It all happened on Japan's north island of Hokkaido where, at Shibetsu in the central region, Toyota has built what it likes to call Little Europe. It does not exaggerate. The Shibetsu proving ground covers more than 1,000 acres (500 ha) of what looks a bit like Germany's Black Forest. It cost well over £100m and contains exact replicas of every kind of terrain over which Toyota cars will be driven. And I mean "exact." Sections of autobahn, autobahn, freeway and ill-maintained minor roads from all over Europe were photographed, measured and had their surface materials analysed. They were then recreated on 26 kilometres of test circuits. To complete the illusion, a truck-load of roadside marker posts was imported from Germany which Toyota cars will be driven. I was there to see manufactured - and then to drive - the Lexus, Toyota's four-litre, V8-engined luxury saloon. And the Shibetsu proving ground, plus the state-of-the-art production plant two hours' flying time away at Tahara, near Nagoya, are proof of Toyota's determination to do two things. First, in the short term it aims to beat the Europeans at their own game by making a car fit for their senior managers to travel in and which appeals also to US buyers as an alternative to BMW, Mercedes-Benz and Jaguar. Second, it intends to replace General Motors as the world's largest car-maker, probably by the end of the century. The Lexus production line has been automated as far as possible. Toyota says that only a robot, which never quarrels with a wife or has a hangover, can assemble top luxury car quality standards when you are making 50,000 of them a year. At the moment, the Lexus is coming down the same assembly line as other peak Toyotas like the Supra three-litre sports car and the Soarer, a smart and quick two-litre coupe sold only in Japan. But a new all-Lexus plant is now going up alongside and will be in production late next year. As the Lexus rolls off the line, it is separated from the other models and every one is checked in a way that has to be seen to be believed. It starts with cotton-gloved inspectors feeling it all over for the tiniest imperfection. Less exciting, but even more enlightening, was the unrelenting way it copied at 85-85 mph (137-137 km/h) with sections having raised expansion joints, tyre noise-exciting coarse chipings, and sunken or ridged wheels up to motorway speeds while electronic systems search for out-of-balance forces too slight for even a skilled human tester to detect. 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Continued from Page 6

The resort started paying for Ernest Hemingway's holidays in return for using his name to promote it. He only skied there once. America's first chair lift was invented by an engineer who copied a ship's fruit loading device. He decided that skiers were intrinsically no different from bananas. Today, modern high-speed quads are taking over. When there is fresh snow, the locals make for the bowls. Such swooping descents as Lookout, Little Bester and Mayday receive the immediate attention of the experts while intermediates head for Steg's or Far Out.

TAOS, New Mexico

A lone, high beacon in the wilds of Carson National Forest, surrounded by the spectacular Sangre de Cristo peaks, Taos is a spiritual and physical Shangri La to cult skiers. It is sometimes said that Texans arriving at the mock alpine village take one awe-inspired look at Al's Run and with tyres screeching perform a U-turn and hastily depart for home. Taos has slopes for every standard, but you can't see them from the parking lot which is why the late Ernie Blake, who started the resort, erected a sign saying "Don't panic".

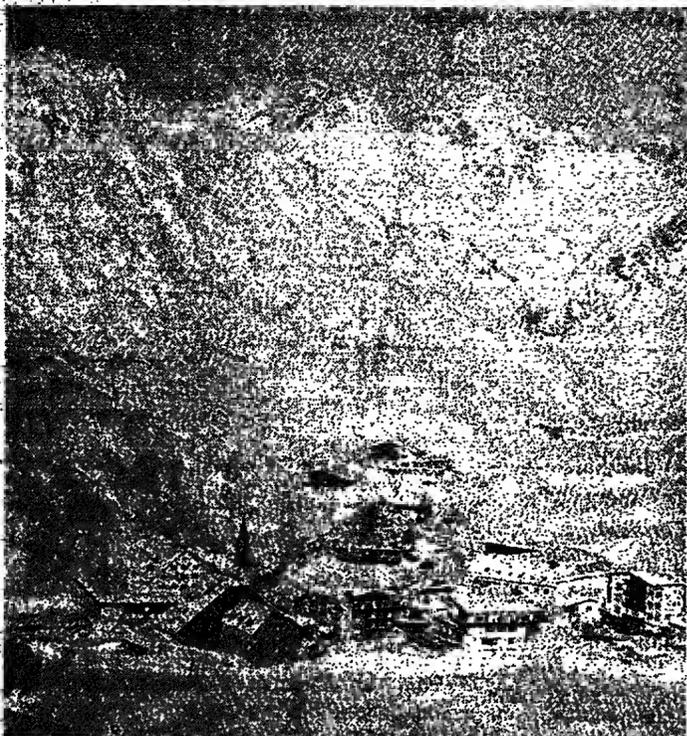
Like Al's, other "ego busters" like Snakedance, Longhorn and Inferno are never groomed. Experts head straight for double diamond chutes such as Thunderbird, Oster, Fabian or Stamblerg. To reach many of the chutes you need to climb for some 20 minutes. Those sufficiently energetic can walk to Kachina Peak if it is open. But all "out of bounds" skiers must report to the ski patrol before noon.

TELLURIDE, Colorado

Like the best (but not biggest) of the gold nuggets that used to be dug from its once busy mining areas, Telluride is waiting to be discovered. It is a smaller but sometimes steeper version of Jackson Hole, hidden away at the end of an 18-mile box canyon and dominated by spectacular 14,000ft peaks. The impact is unmatched by any other Colorado resort. Runs such as True, The Plunge (reputedly the longest and steepest in Colorado) and Spiral Stairs would test any skier. Gorrone and Sunshine are less severe faces and popular with intermediates.

VAIL, Colorado

This ersatz Austrian village has been given a tremendously



St Christoph, a tiny gem of a resort, sits snugly in the snow

unfair advantage - its natural bowls. It is as if some almighty force during the creation of the Americas was dispensing a bowl each to skiing areas but dropped a whole stack (2,500 acres worth) on one Colorado mountain like a clumsy waiter. Now that China and Siberia Bowls have been put on the trail map, Vail's official ski terrain has more than doubled - an extraordinary development considering that Vail was already America's largest single mountain resort. Its runs are tremendously varied, flawlessly organised and beautifully groomed. Probably it comes closest to being the world's most perfect all-round ski resort.

VAL D'ISERE/TIGNES, France

All the superlatives apply. Within a 10km area there are 35 peaks between 9,800 and

12,000ft. The villages may lack charm but on the slopes there is an embarrassment of riches. Although the so-called "Espace Killy" is a paradise for experts, with whole departments of superb and scenic off piste, there is also an incredible wealth of comparatively easy skiing above the tree line. As a result, fit intermediate skiers can cover extraordinary distances without fully realising it until they look at their lift maps in some amazement over dinner. There are perfectly good beginner slopes, but in a way sending a child with a bucket and spade to explore the Sahara.

ZERMATT, Switzerland

Twenty-nine of Switzerland's 4,000-plus mountains jostle almost shoulder to shoulder around this famous resort. The skiing is divided into three

main areas and the permutations are almost endless. Triftj, an exhilarating and tough run from the top of the Stockhorn cable car, is a huge favourite with toughened mogul skiers; it is great in powder, too, but alarming to gentler souls. Other good blacks include the National, Chamols and Marmotte.

Not far from the base of the Matterhorn is the Schwarze area where some of Zermatt's other challenging runs, such as Aroleid and Tiedbach, can be found. In between Schwarze and the Kleins Matterhorn (the top of Europe's highest cable car) is the Theodulpass and Testa Grigia - fairly easy skiing and a point of entry across the border to the Italian resort of Cervinia. Zermatt is famous for its mountain restaurants.

The Thomas Cook International 50 Ski Resorts by Arnold Wilson is published by Webb & Bower/Michael Joseph on October 5, price £15.95.

User-friendly Vancouver

Keith Wheatley visits a wealthy corner of British Columbia

THE STEAM whistle of the Royal Hudson reverberated among the granite-walled fjords. Below the train, sometimes a vertiginous 1000ft below, lay the deep green waters of Puget Sound. At other times the track came down to the water's edge and it was easy to glimpse through the picture windows great rafts of pine logs being shepherded by tugs down to the pulp mills. Behind the massive 4-6-4 locomotive, its boiler fired by bunker oil rather than coal, trundled 14 plum-coloured coaches dating from the 1940s, the heyday of Canadian Pacific Railways. From the overhead loudspeakers drifted the plaintive clarinet of Arnie Shaw, a perfect counterpoint to the long melancholy hoot of the engine as we hugged the cliff face above the island-studded sea.

Each day the Royal Hudson makes the 40-mile journey north through British Columbia from Vancouver to the logging town of Squamish. Most of the train's passengers are now tourists but Squamish (population 1,100) remains a resolutely blue-collar forest town immune to even the most sophisticated of Vancouver. The Chieftain Hotel, at the corner of Main Street and Victoria, has the choice of two signposted entrances: Gentleman, or Ladies & Escorts.

Orto, the Ukrainian bartender, laughs off the signs as "just old history." Maybe. Yet this is a serious, hard-drinking bar for men who spend their lives felling big timber. A massive young lumberjack drains his beer and refuses a game of pool, instead taking a laughing working girl off in the direction of the motel units behind the bar. At least they were, in 1989, able to use the same exit. The day trip to Squamish draws steam train enthusiasts from all over North America. But not the least of its charms is that one makes the return journey by ferry. For three hours the little ship Britannia, threads through narrow fjords, before entering the wide 15-mile strait between the city and Vancouver Island.

Britannia enters Vancouver harbour beneath the spectacular Lions Gate Bridge. It was built in 1983 by British property developers who needed to link the downtown area with

the suburban plots they owned in North and West Vancouver. The latter is now the wealthiest suburb, measured by per capita income, anywhere in Canada.

One would not doubt it. The houses, understated but comfortable, enjoy a location that compares with Sydney Harbour or San Francisco. They cling to the wooded hillsides looking south to the office towers of the city centre. Behind them are snow-dusted mountains rising to more than 4,000 ft. World-class skiing at Whistler Mountain is just over an hour from the sailing paradise of the Royal Vancouver Yacht Club.

This rare accessibility to the great outdoors makes Vancouver a gem among cities. It is small. You can walk across the central business district in 10 minutes. For the most part its buildings are undistinguished. But down almost every street a glimpse of the harbour compensates for drab architecture. An honourable exception is

the Art Deco splendour of the Hotel Vancouver. In mid-summer 1989 the hotel celebrated its half-century. Brilliantly, the management staged an amnesty for staff and former guests. "Lead us everything your Mom and Dad plucked!" read the posters. Memorabilia rolled in, from solid silver coffee jugs to menus for the Prince of Wales' visit. The lobby exhibition was informal and stunning.

This is Vancouver at its best: off-beat and gently non-conformist in comparison with eastern Canada. The city probably has more in common with southern California than the stilted, Calvinist societies of Ottawa and Toronto. A great many movies and TV series are now filmed in Vancouver. Vancouver's streetscape seldom rises above solid provincial, but the continual glimpses of the backdrop beyond redeem almost everything. At Canada Place, a startling galleon of a building that was the national pavilion during Expo 86, cruise

ships berth hard by bank towers. This immediate view goes by the name of Gastown and has the somewhat self-conscious chic of Covent Garden.

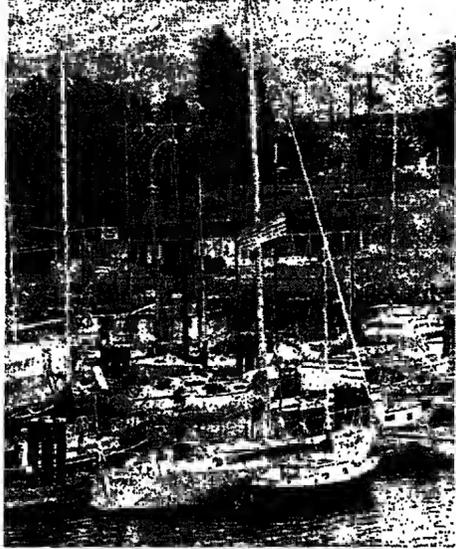
The district's name comes not via the provision of a mundane public utility but from Jack Deighton, a saloon-keeper who opened for business in 1867. The loquacious Deighton quickly earned the nickname Gassy Jack. Sailors down the entire west coast of the continent would make plans to meet at "Gassy's." His statue stands at Maple Tree Square, not far from the world's only steam clock.

This amazing contrivance rises 16 ft above the cobbled pavement, weighs over three tons and has a steam whistle that blasts out its own version of the chimes of Big Ben. Gastown has some pleasant bars and restaurants but is expensive and more than somewhat self-conscious.

Much better for the adventurous is Granville Island. There can scarcely be an item of fresh food in the world not obtainable here. The Kid's Only Market is devoted to those under 14, with over a score of shops selling everything from games to clothes. The Water Park has amiable fire hydrants. Parents beware. Every Vancouverite will urge you to take the 90-minute ferry ride across the Georgia Strait to visit Vancouver Island, site of the provincial capital Victoria. The ferries are as large, and charmless, as the Staten Island monsters that ply New York harbour.

However, Victoria has a shy, English grace. It is a town full of politicians and that means restaurants. Sea food in British Columbia is practically a religion. Six kinds of oysters, a tank of pink-fresh crustaceans and an endless list of broiled and poached fish are commonplace at even modest establishments. Prices are generous by London standards. At Joe Fortes, one of Vancouver's spiciest fish joints, three of us ate two sublime courses and drank crisp chardonnay for under £50.

One leaves few cities in North America with anything other than a sigh of relief and involuntary amnesia as soon as the plane takes off. It would be a perverse visitor who felt that way about the spectacular and user-friendly Vancouver.



Care to share? An assortment of fishing boats, yachts and other craft do just that in the harbour at Vancouver Island

An A to Z of US skispeak

This winter a record number of British skiers will be visiting the US. Like Austria, Switzerland and France, America has a quaint skiing language of its own. Arnold Wilson provides a US ski slope glossary

A is for Air: As in "Buy air, mate!" It means taking off on your skis as you overweigh and getting as much height as possible. Advanced skiers do this in order to be admitted by average skiers. Try it in Alta and Aspen. **A is for A-squared:** A descriptive word applying to skiing and scenery now used in all American ski resorts, but originating in California. Almost interchangeable with its more recent equivalent, Radical! **B is for Bowls:** Huge bowl-shaped areas of snow found much more frequently in the Rockies than in Europe. They are left un-groomed so that keen skiers can power their way into powder, loose snow or what have you without having everything groomed for them. The Americans are big bowl skiers. Vail, Colorado, has the best in the US and probably in the world: Sun Up, Sun Down, Teahorn, Marmolada, China, Siberia and Game Creek are their names. B is also for bugaboos, one of the exotic areas in Alberta and British Columbia where hell skiers practise their art. It is also for Broadmoor, a ski resort in Colorado; and for booterplate, New England snow at its worst.



last lift back from the Nevada side of the ski resort and having to make a tortuous bus ride back to California). **S is for Smilers and Wavers:** The lift line attendants who marshal queues of skiers and get them safely and politely onto their quad chairs. In Taos, New Mexico, they sometimes even offer a small portion of pizza if the queues - sorry, lines - get a trifle long. **S is also for singles:** people skiing alone who are paired off (usually just for the ride) by smilers and wavers after shouting out "Singles" in the lift line. **T is for Tram:** American word for cablecar. T is also for tree skiing. Unlike Austrian and Swiss resorts, many American resorts encourage skiers to ski in the trees. Steamboat Springs, Colorado, is famous for its tree skiing (among aspens and spruces) in champagne powder. **T is also for Taos and Telluride, Colorado,** resorts that some aficionados rate as America's best. It is also for trails, which is American for pistes. **V is for Verticals:** As in vertical feet, which serious hell skiers collect obsessively. Ski a million verticals in Canadian Mountain Holidays territory in the Bugaboos, Cariboo, etc, and you will be given a free ski suit. Mind you, the skiing itself costs a fortune. **V is also for Vermont,** the home of Stowe and Killington, the biggest resorts in the East. **And for Vail,** home of the best bowls in America. **W is for Wiggle-Wagles and Whoopsie Doo:** Wonderful fun for children skiing at Beaver Creek, Colorado; specially devised roller coaster bumps in an area where adults are discouraged. **X is for Xmas Tree:** A delightful black run through the trees at Aspen, Colorado. **Y is for Yellow trails:** Some resorts - such as Snowbird, Utah - use yellow to denote a resort's most difficult and dangerous skiing. You don't need to be a coward to stay away from a yellow streak on the trail map. **Z is for Zapped:** Which is what you'll be if you're careless on Yellow trails. It is also for Zaugg Dump, one of Aspen's most difficult trails. Flying Z, a trail on Steamboat's Storm Peak, and Zulu Queen, one of Telluride's double black diamonds.

mid-west snow at its worst. **D is for Double Diamond:** Extra difficult black runs, although in practice no worse than a stiffish French black. **E is for Ego snow:** Light, forgiving snow that you're suddenly feel that you're skiing like an expert. **F is for Funky:** Word denoting interesting descent (less dramatic than Assorted or Radical!) Not to be confused with funk (fear, panic and loathing at top of steep chute). **G is for Gorilla Snow and the Greatest snow on Earth:** According to the American writer Peter Oliver, Gorilla Snow happens when "the warmth of the sun has worked the snow into a thick puree." This, of course, rarely happens in Utah, where they officially claim in their vacation literature to have the Greatest snow on Earth. **H is for Hostesses:** Americans pride themselves on their ski hosts and hostesses, who get a free lift pass but usually no money for showing special guests around a resort. In Heavenly Valley, California, they have the delightfully quaint title of Heavenly Hostesses. **I is for Interconnect:** Possibly the closest the Americans have to the haute route, an exciting "out of bounds" tour of five Utah resorts: Park City, Brighton, Solitude, Alta and Snowbird. **J is for Jackson Hole:** This superb resort in Wyoming is arguably the best in the US for dramatic skiing and scenery. **K is for Kinda lit:**

American expression meaning the best (kind of lit). Used to describe helicopter skiing in British Columbia and Alberta. **L is for Lift Line:** American for lift queue. Totally different from European concept since lift lines are agreeable, civilised and marshalled by lift line attendants, so there is no mauling as skiers trample over you and your skis as they do in Europe. **M is for lots of North American ski resorts:** beginning with Mount, Mountain or Mont N is for NASTAR National Standard Race: similar to Austrian WISBI (Wie Schnell bin ich? How fast am I?) timed races for puntiers, except in NASTAR you race two at a time. **O is for Out of Bounds:** All it means is off piste. Many Americans wonder what you're talking about if you use the French version. **P is for Paddle, Pole And Paddle:** Hercules Triathlon style event involving three disciplines: mountain biking (pedal), skiing (poles) and canoeing (paddles.) Invented by Harry Baxter, head of marketing at Jackson Hole. **Q is for Quads:** As in super quadruple chairlift, often the high speed detachable version much in favour in resorts such as Breckenridge and Beaver Creek. **R is for Rockies:** Rugged! Raw! Rampant! It is also for red headed stepson: any embarrassing Achilles heel that you would rather people didn't know about (eg. in Heavenly Valley, missing the

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FINANCIAL TIMES

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Saturday September 30 1989

The week in Washington

WHEN THE finance ministers of the Group of Seven industrial countries surveyed the world last weekend they saw that it was good. The obvious question is whether it is quite as good as they think.

Events have a habit of puncturing bubbles of euphoria, but the satisfaction is at least quite widely shared. The IMF's World Economic Outlook forecast steady growth in the industrial countries, at 3.5 per cent in 1989, declining to 2.9 per cent in 1990. Inflation in the industrial countries is expected to fall equally smoothly, from 4.5 per cent in 1989, to 3.3 per cent in 1990.

Not that the report neglected such headaches as the slow pace of external adjustment among the largest industrial countries and the troubles of indebted developing countries. Both of these problems relate to what the Chancellor of the Exchequer argued is the main novelty of the world economy in the 1980s: the free flow of capital. It was the flow of capital towards the US in the early 1980s that left the world with the "problem" of external adjustment and it was the disappearance of capital flows to developing countries that triggered the "debt crisis."

Gold standard era

"We have to go back to the era of the classical pre-1914 gold standard," Mr Lawson remarked, "to find an extended period of free capital mobility and so little government intervention. At that time too, there were large and persistent current account surpluses and deficits on the scale of recent years."

The parallel is, indeed, intriguing, but the differences are alarming. Before 1914 no major country had a large current account deficit with short-term borrowing at 14 per cent, as the UK is doing now. The then developing countries did not borrow from commercial banks for terms of five years or less and at variable rates of interest. Borrowers eschewed appropriation, controls on inward direct investment or hyper-inflation. Exchange rates among the world's major countries did not fluctuate and the main creditor country was not protectionist.

It was a world in which Argentina could borrow in London at lower long term rates of interest than West Germany today from its own citizens. While much credit has been learned since the world before 1914, it can be learned only by those who never forget the differences.

That experience does at least teach us that exports of capital can be a virtue. It is not unreasonable to ask Japan or West

Germany to try to keep domestic demand growing in line with the potential. It is completely unreasonable, however, to go on insisting (as was done yet again in the G7 communiqué) that their surpluses should be eliminated. The problem is not the surpluses, but where they are going. It is a scandal that the Federal Government of the US continues to hog so large a share of the world's surplus savings.

Keynesian legacy

"As Mr Lawson remarked, "one Keynesian legacy has been a preoccupation with an incipient shortage of demand whereas it is an incipient shortage of capital that is emerging as the real problem." The World Economic Outlook points out that since 1981 national savings rates in the industrial countries have been running at percentages points lower than before the first oil shock. This is not a world in which Japan or West Germany should be asked to save less.

It is only if the demand from the US for capital from abroad diminishes that developing countries can hope to be recipients of large inflows again. In the meantime, the mistakes of the 1970s - in which both the governments of the main industrial countries and the international agencies were deeply implicated - need at last to be resolved. This will not be done by telling the commercial banks to throw good new money after bad old money. It will be done by encouraging them to write down the outstanding debt, instead.

With this accomplished, the IMF can be relieved of its ambiguous role as simultaneously debt collector and certifier of the economic soundness of indebted countries. In the process, the IMF has lost both credibility with the commercial banks and authority with the indebted countries. Worst of all, the policies that indebted developing countries must adopt in their own interest are seen as being foisted upon them by a brutal IMF in the interests of the commercial banks.

Whether the IMF would then have any justification for the controversial quota increase is questionable. It is not inconceivable, however, that capital flows have become quite as important as the Chancellor says, but they may prove as skittish as the critics fear. Without all the features of the pre-1914 world, the IMF may still be needed to pick up the pieces left behind by the private flows. It is a worrying thought, but perhaps even the UK itself will need that assistance some time in the 1990s.

For the past few days, the world has been able to ponder one of the mysteries of its economic management.

At the annual jamboree of the International Monetary Fund and World Bank, finance ministers and central bankers have been extolling market-oriented economic policies as the prerequisite for a new era of growth and prosperity. Simultaneously, however, the world's big central banks have been busily interfering with what must be the world's biggest and most liquid market: that for foreign exchange which, in London alone, has a turnover of \$190bn a day.

The jury is still out on the latest attempt by the Group of Seven big industrial countries - the US, Japan, West Germany, France, Britain, Canada and Italy - to tame the dollar. After a week of continued central bank intervention it closed in London last night down 7.8 pence and 10p compared with DM 1.9486 and Y 145.60 the previous Friday.

In Britain, matters have been complicated by a mini-sterling crisis following August's disappointingly large \$2bn current account deficit. Sterling's plight has forced the Bank of England into some exotic intervention procedures including the first sale of European Currency Units for pounds.

But although the dollar is down it is not "out." As the week wore on it displayed considerable resilience against the central bank onslaught.

On a strict interpretation of the G7 communiqué, the week's events have been a success for the central banks. The seven "agreed that a rise of the dollar above current levels or an excessive decline could adversely affect prospects for the world economy." They have succeeded in putting a cap on the dollar's rise.

But suggestions from, among others, Mr Satoshi Sumita, the veteran governor of Japan's central bank, that last weekend's accord was as meaningful as the September 1985 Plaza agreement to bring down the value of the dollar appear exaggerated, to say the least. The past week's events did not mark a bid to correct a major misalignment in the dollar such as existed in the mid-1980s.

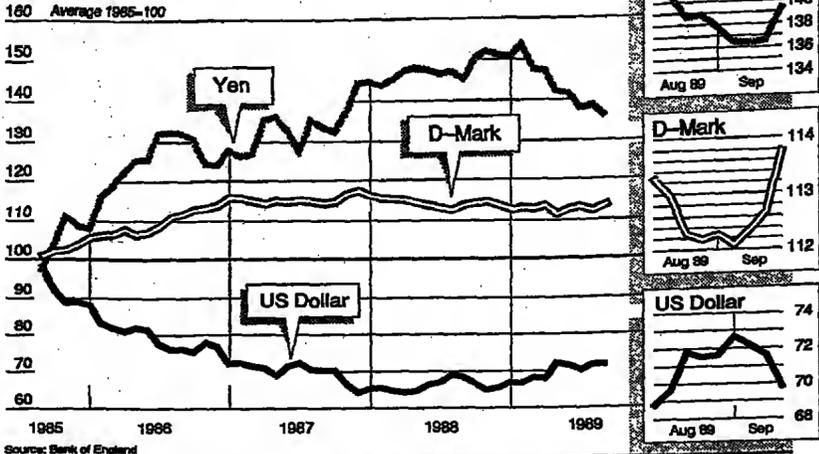
The Plaza accord followed a period in which the dollar's overall international value had increased 63 per cent by March 1985 from its average of 1980. By early 1988 it had fallen below its 1980 level.

Present measures appear to be a pragmatic exercise to nip an incipient misalignment in the bud. If the central banks succeed in capping the dollar, they could also strengthen the counter-inflation policies of West Germany and Japan while easing US fears of declining competitiveness.

Four years ago, much bigger problems united the big industrial countries in their desire to reduce the dollar's value and in their analysis of the state of exchange markets and the world economy. The strong dollar of the mid-1980s was creating what appeared to be a dangerous and ever-larger US balance of payments deficit. Soaring imports fostered protectionist

Peter Norman looks at differences in monetary strategy highlighted this week

Exchange rate indices



Source: Bank of England

The battle to tame the dollar

calls in the US.

One of the important goals of the Plaza accord was to stop the US turning its back on the world and adopting policies like the notorious Smoot-Hawley tariff that condemned the world to the depression of the 1930s.

In intervening to push the dollar lower, the central banks then had the advantage of working with the grain of the market because the dollar had been declining since spring 1985.

The latest G7 text had echoes of the Plaza accord in declaring that the dollar was overvalued. It said "the ministers and (central bank) governors considered the rise in recent months of the dollar inconsistent with longer-run economic fundamentals." However, in the course of the past week, it became clear that there are wide-spread but subtle differences among the seven over the value and objective of currency intervention to control exchange rate movements and over

the future of co-operation on exchange markets.

These differences do not add up to such deep discord as the row between West Germany and the US about monetary policy in Germany that helped precipitate the global stock market crash of October 1987. Indeed, the seven originally had some success in keeping their differences concealed by an agreement to refrain from individual explanations of the communiqué.

But the differences lend support to the view that the latest agreement on the dollar is a pragmatic affair with the strengths and weaknesses that implies.

Monetary authorities hold differing views on the value of intervention itself. The US Federal Reserve, which acts on the instructions of the US Treasury in foreign exchange markets, sold a record \$11.9bn between May and July, building up large yen and D-Mark holdings in the process.

By contrast, Mr Karl Otto Pöhl, president of West Germany's Bundesbank, dislikes the D-Mark's reserve currency role and has become increasingly sceptical about intervention, arguing that dollar sales can merely supply speculators with cheap dollars to sell at a profit later.

Even with intervention in the reported \$4bn range, central banks cannot hope to outgun a market that has doubled in size in the past three years. The seven have also been unable to agree on whether to use interest rates to control the dollar.

Last weekend's G7 communiqué contained no reference to monetary policy. Mr Ryutaro Hashimoto, the Japanese Finance Minister, later made clear that he saw no domestic reason for a rate rise in Japan. In West Germany, where a small increase in the discount rate now seems a possibility, officials hint at a tightening of monetary policy to

encourage counter-inflationary behaviour in the forthcoming wage round.

The attitudes on interest rates are a general sign that domestic priorities play a dominant role in the policy calculations of the G7 countries.

There are also differing attitudes towards the continuing large external imbalances in the US, Japan and West Germany. Concern at the large gap between the US current account deficit and the West German and Japanese surpluses was an important factor behind the Plaza agreement. At first sight, little has changed since then. Indeed, the recently published IMF World Economic Outlook projected a rise in the US current account deficit to around \$139bn next year from \$126bn in 1988, with the Japanese and West German surpluses growing to nearly \$60bn and \$67bn respectively from \$72bn and \$63bn.

The US Treasury considers that a strong dollar, by making US goods less competitive on home and world markets, adds to this problem. Mr Pöhl, however, views the imbalances increasingly as a regional question.

The US deficit is mainly with Japan and Asia while West Germany's surplus is in Europe. This results in the Bundesbank taking a more relaxed view of the rate between the dollar and D-Mark than at the time of the Plaza accord, when Germany had a large bilateral surplus with the US.

Such differences suggest there is little hope for stronger G7 currency co-operation. Although some countries, notably France, would like to institutionalise the G7 agreement, with published intervention points for the major currencies, others, led by West Germany, say this would be impossible without a better policy mix.

Since Plaza, little progress has been made towards solving fundamental problems of budgetary imbalances, economic efficiency and low savings rates in the big industrial countries.

The parts of the G7 statement calling on the US, Canada and Italy to cut budget deficits and on all countries to open markets to foreign goods, curb subsidies and deregulate could have been written at any time over the last four years. To policy makers such repetition may signify resolve. To markets it signals inaction.

Yet, according to Mr David Hale, chief economist of Kemper Financial Services in Chicago, there have been developments over the past year that gave the central banks a fighting chance in their battle for the dollar.

The gap between high US dollar interest rates and rates in West Germany has narrowed over the past year as the Bundesbank has tightened policy. The US economy is experiencing slow growth. After the past year's strong rise, asset markets, such as the US stock markets, offer investors in the dollar less chance of capital gain.

As the IMF meetings closed, reports from financial markets suggested institutional demand for dollar investments was still strong. However, the central banks have also shown that they can at times create a two-way market in the dollar which can take it down as well as up.

Chancellor Lawson stays lucky

few illusions. "We are in the middle of a very difficult market situation and we haven't seen the end of it yet," one said yesterday.

Sterling has been an accident waiting to happen for a year or more. It has been market wisdom that the pound would fall either because, with the economy slowing, an interest rate cut was in the offing; or because current interest rates were not high enough to compensate investors for the perceived failure of policy.

It was this consideration that came into play after Tuesday's news of the August deficit. To many in the markets it showed that the economy was

reacting too slowly to the Chancellor's year-long tightening of monetary conditions.

The August figure on its own would have been enough to scare the currency markets. But coming after July's \$2bn deficit - forgotten because of possible distortions by the docks strike - there were no excuses.

However, Mr Lawson continues to live up to his reputation for luck: as the August figures were published the G7 central banks were intervening aggressively to hold down the dollar.

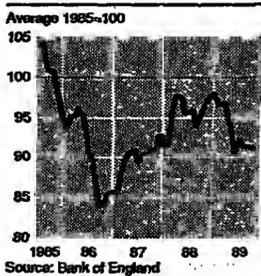
The foreign exchange market is a

"single issue market" not noted for the length of its attention span. Action in the dollar will always supersede problems with other currencies. To the great relief of the UK authorities that is exactly what happened this week.

Chancellor Lawson has also been helped by a rise in UK money market interest rates. At 14.75 per cent for three-month money yesterday they were helping the pound, but they also contained the markets' message to Mr Lawson: base rates should be 15 per cent.

Simon Holberton

Sterling Index



Source: Bank of England

It took Leszek Balcerowicz and his wife Ewa, also an economist, one day and the best part of the following night pacing the small Warsaw flat they inhabit with their two children to decide whether he should take on the task of trying to set Poland's economy to rights.

Mr Balcerowicz, a 42 year old academic, had been offered the post of Finance Minister by the Solidarity Prime Minister Tadeusz Mazowiecki. All the arguments were for saying no. On top of the familiar ones about workload and family life, there was an additional consideration. The Balcerowicz were about to go off to the north of England for a ten month lecturing stint which would have allowed them to buy a larger home.

A deputy premier's salary, though large by Polish standards, is not much greater than a coal miner's. Mr Balcerowicz says that what made him accept the job was the challenge of squaring the circle of Poland's economic problems; but those who know him well add he was also impelled by a sense of duty to his country. That sense of duty will now keep him and his family in cramped quarters.

The offer came out of the blue. Mr Balcerowicz, who had first studied and then taught at Warsaw's Central School of Planning and Statistics, was best known among academics as the head of the team which in 1980 had produced the best blue print for reforming a socialist economy available at the time. Both then and now he betrayed little political ambition. His links with Solidarity were tenuous and limited to acting as an occasional consultant on the economic musings of what was then the opposition.

After martial law was imposed in 1981, Mr Balcerowicz's interest veered sharply away from the search for a streamlined, efficient state-controlled economy to free market liberalism and the lessons the economic success of countries like South Korea might teach

MAN IN THE NEWS

Leszek Balcerowicz

A daring novice driven by a sense of duty

By Christopher Bobinski, John Lloyd and Stephen Fidler



Poland. His view is that the supply of excess money to the economy must be choked off quickly if inflation is to be brought to heel.

He says his lack of expertise in government means that he can bring a fresh mind to the issue while his academic involvement with international finance gives him the expertise he needs. While accepting the need for pragmatism - shown for example by his decision to ask parliament for permission to print an extra 1,500bn zloty in October to cover the hole in September's budget - he is capable of resisting the traps bureaucrats like to set.

One Government departmental head sees that a typical attempt to squeeze a rapid decision out of Mr Balcerowicz on the grounds that any delay would hold up important international talks met with a rebuff. "He told me he would

have to examine the issue to see how it would affect other areas before saying yes," the official said, adding: "his predecessor would have caved in."

Mr Balcerowicz was pushed, within weeks of taking office, into the golden bowl of the International Monetary Fund and World Bank meetings in Washington this week. His presence, and the fate of the Polish economy, dominated the occasion. He outlined an extraordinary timetable to transform the Polish economy and with it made the inevitable and necessary request for Western money to help fund it.

His bespectacled, bookish appearance belied the bravery of the programme. The reaction was one of excitement - the Group of 7's discussion on Poland was described as "electric" - and of fear of what would happen if the programme failed.

Mr Balcerowicz knows the stakes: "We have to move quickly and we intend to do so. If we missed this opportunity, it would be a very great consequence," he told a press conference in Washington.

This conference was the Minister's only appearance before the press in Washington. It was slightly chaotic, partly because of his rapid delivery of English and the apparent dislike he shared with his party of microphones. As a fledgling politician he seemed astute, careful neither to embarrass those whom he was asking for support nor the Soviet leaders whose attitude to Polish developments remains critical.

He impressed those who met him in Washington by his combination of seriousness and optimism, although some were worried that even he might be under-estimating the magnitude of the problem his government faces.

when he returns home. The day after Mr Balcerowicz presented his plan - including the abolition of price controls - to the Group of Seven, Lech Walesa, Solidarity's chairman, went to a press conference in Gdansk. He told the press: "If someone fools around with prices they do so at the expense of the Government."

There are other signals that the population is nearing the end of its tether. A leap in milk prices last week, after a month when they had been in any case rising steadily, evoked near despair in many people. The price of petrol jumped by 50 per cent overnight. An increase in prescription charges was rescinded at the last minute on Mr Mazowiecki's instructions. The Prime Minister, nervous about the political consequences, thereafter asked his ministers to form him the every price rise they might be planning.

Mr Balcerowicz seems none the less set to go ahead to remove the bulk of remaining subsidies on food items, imported raw materials and agricultural machinery at the beginning of October. He faces a battle with the more far-sighted members of the Administration to put the coal price up by 100 per cent, pulling energy prices in its train.

If he is allowed to put his notions in operation, he will face a long slog. Only once prices are freed, Mr Balcerowicz says, can fundamental changes like privatising and demopolising the state sector, reforming taxes and the banking system, and making the zloty convertible be introduced.

Mr Balcerowicz is the first finance minister to plough up post-communist land; he cannot know how rough it will be. No-one has been here before. No-one knows if success is possible, everyone is telling him it will be very difficult. Failure could lead, as Lech Walesa unhappily presaged, to a civil war. But success is not merely avoiding it. He will yearn for that British lecture tour many times in the future.

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The Labour Party arrives in Brighton this weekend for its 88th annual conference more confident of winning a general election from opposition than at any time in the last 25 years.

As Labour's conference gathers, Michael Cassell assesses Mr Kinnock's prospects

A hard but hopeful road

The party can still show its proclivity for shooting itself in the foot. Last week Mr Kinnock was "forced to clarify" remarks by Mr Bryan Gould, the trade and industry spokesman, who seemed to go too far in threatening the dividends of shareholders in privatised companies.

nuclear disarmament. The change of policy is expected to win approval, despite the protests of the Transport and General Workers' Union. The prospect of the construction and possible commissioning of Trident submarines under the watchful eye of a Labour government is a potent image of the ideological leap which Mr Kinnock has persuaded his party to make.

There is also support among MPs. Mr Kinnock will resist the calls, although he will be careful not to denigrate them. He may sanction the establishment of a working party on the issue. The centre parties expect Mr Kinnock's opposition to PR to crumble as the impossibility of an outright Labour win looms larger.

Black sections. This, perhaps the most marginal but most damaging row, is a long-running debate about whether local Labour parties should have separate "black sections" for non-white members. The subject shows the party in its worst light; it is a debate the leadership would give its eye teeth to avoid.

Policy changes are not the only items for debate. The party's internal restructuring is not yet complete, with the fate of the trade union block vote - which gives

the unions a 90 per cent hold on the conference's decision-making process - still to be decided.

No decision will be taken this year but Mr Kinnock will want either to reduce the role of the block vote before the next election or have firm plans to do so well under way. That the project is practicable at all is a measure of the unions' desire to see Labour win and their recognition that the existing arrangements are an electoral liability.

Once the conference is over, the party expects to publish a campaign document by next year, to form the basis for the general election manifesto. Only as the final programme is drawn up will it be clear in detail. Labour is committed this time to doing its sums properly; it will reject as hopelessly premature any earlier attempts by political opponents to price its programme.

Much of the next phase of detailed policy-making will concentrate on the party's economic policy, with Mr John Smith, the shadow Chancellor, assuming an even more central role in the process.

Labour's view is that, despite the apparent unpopularity of such Conservative policies as the continuing programme of privatisation, the poll tax and National Health Service reforms, it will again be the economy which decides the outcome of the next election.

It is, arguably, the party's best hope - or its highest problem. At the last election, the party's credibility appeared weakest on economic issues, with the leadership

publicly at odds on matters such as personal taxation.

Even now, with the Government struggling to put a brave face on its efforts to prop up the pound and squeeze down inflation, the Opposition still fails to convince the voters of its economic competence.

On the specific issues of prices, taxation, the general strength of the economy and on strikes, the Tories maintain an impressive lead in the polls. Labour has not yet, despite strenuous efforts, managed to ditch its reputation as the party of high taxation and high inflation. Mr Smith is said to be "going into a thinking mode" to find ways of denting the voters' greater faith in the Conservatives over the economy.

Inevitably, however, the greatest burden will fall to Mr Kinnock himself. He likes to

take pot-shots at Mrs Thatcher's prime ministerial longevity - but, by the time of the next election, he is likely to have led his party in opposition for over eight years. His strengths and faults are well known; he has two years to vanquish the "nice-bloke-but-no-Prime Minister" tag pinned on him by his opponents. The Tories do not intend to let Mr Kinnock escape lightly, and are likely to unleash a personal onslaught on him as the next election approaches.

None the less, with the debilitating years of internal warfare behind him, his colleagues hope Mr Kinnock can now begin to display the reflectiveness, maturity and confidence he will need in order to impress. No longer forced to look over his shoulder, he may be able to concentrate on the path ahead.



"OUT with the kleftes (thieves)," says a spray-painted slogan doing its best to obliterate the rising sun symbol of the Panhellenic Socialist movement of the former Greek prime minister, Mr Andreas Papandreu.

Kerin Hope in Athens considers the issues of ethics and politics in the forthcoming Greek elections

Catharsis of democracy

Much of the paraphernalia is still around from last year's inconclusive election, which ousted the Socialists after eight years in power but failed to give the conservative New Democracy party of Mr Constantine Mitsotakis an overall parliamentary majority. A quick refurbishing is all that will be needed in preparation for fresh elections on November 5.

party with the smaller and more liberal Hellenic Left, which formed a coalition with the New Democracy to give the Communists a share in government for the first time.

With a popular conservative backbench, Mr Fotis Tzaniatidis, as prime minister, the coalition quickly undermined the historic reconciliation between the enemies of the 1940s civil war. Thousands of files left over from the days when right-wing governments routinely harassed left-wing citizens were ceremonially burned.

The coalition has since held firm to its aim of "catharsis" by cleaning up the financial scandals that dogged the Socialists' last two years in power and played a big part in Mr Papandreu's election defeat. But the inevitable limitations of a partnership between such ideologically different groups means that no

action has been taken on pressing economic problems, such as the mounting public sector deficit, likely to reach 22 per cent of gross national product by the end of the year. The government's focus remains fixed on the Bank of Greece scandal and its implications for Mr Papandreu, who will fight the election while awaiting trial by a special court on charges of abuse of authority, taking bribes and receiving stolen money - offences punishable by up to 20 years imprisonment.

By voting for the Socialist leader's indictment this week, parliament set in motion the ponderous constitutional machinery for bringing government ministers to trial. The evidence presented of Mr Papandreu's alleged complicity in the \$300m swindle at the Bank of Greece to a large extent on the testimony of the bank's owner, Mr George Koskotas, who is awaiting extradition to Greece on fraud and embezzlement charges.

Mr Papandreu and four Socialist former cabinet ministers also charged have denied any wrongdoing. "Throughout my political career, nobody has ever cast doubts on my ethics," the former Prime Minister declared in Parliament. "The only witness against me is that swindler Koskotas."

The Socialists originally cultivated their image as "kleftes" in its historical sense of heroic rebels who stole, like Robin Hood, from the Ottoman rulers to help Greeks. It has now rebounded on them. There seems little doubt that Mr Papandreu will become the first Greek premier to be summoned before the special court. Even if the bank scandal charges fail to stick, there is still the phone-tapping case, in which he is accused of ordering Greek intelligence to eavesdrop on opposition politicians, journalists and members of his own cabinet.

In a generally sober atmosphere, neither conservatives nor Communists are rejoicing at the prospect of Mr Papandreu's political demise. "He's a national liability, he made me ashamed to tell people abroad that I was Greek. But he should be pushed into retirement, not persecuted,"

said a leading businessman. Nor did the assassination by radical leftist terrorists of a conservative backbencher, Mr Pavlos Bakoyiannis, on the day of the Parliamentary vote in the Koskotas affair, noticeably brighten political tensions. Mr Bakoyiannis was the son-in-law of Mr Mitsotakis, the New Democracy leader, whose standing has grown as a result of the coalition government's stability.

The shooting was the fourth death claimed in as many years by the revolutionary November 17 organisation, named after the day that the colonels' junta crushed a student rebellion. Once again, the question was raised of why the Greek police have failed to arrest any of its members. As

the Communist leader, Mr Harilaos Florakis, who spent years on the run after the civil war, put it in parliament: "I could never lose the police for more than a year. How is that none of these terrorists has been caught in 14 years?"

Conservative opponents say the assassination of Mr Bakoyiannis can only help their campaign. But it is by no means certain that Mr Mitsotakis will win the extra 2-3 per cent of the vote needed to raise his 145 seats to a clear majority in the 300-seat Parliament.

He will be helped by having control of the state-run television stations. Although the conservatives have kept their pledge to eliminate government propaganda from broadcasting, the opportunity of reducing the Socialists' rhetorical reach may prove difficult to resist.

Despite a rebellion by the Communists' old-fashioned youth movement, which accuses its seniors of betraying Marxism by joining up with the capitalists, the Left Alliance hopes to boost its 13 per cent of the vote and 28 seats by attracting disaffected Socialist voters. Mr Papandreu, however, appears to be firmly in control of his party and pollsters say there have so far been few indications that Pasok's 39 per cent and 125 seats will be seriously eroded.

Mr Papandreu soothed the moralists by marrying his 35-year-old mistress shortly after the election. His health, still fragile after a spell in hospital in June, makes it unlikely that he will stomp the countryside during the campaign. Yet even if the Socialists cannot finish first, Mr Papandreu's proposals for a partnership of "progressive forces" show he still dreams of returning to power through an alliance with the Communists, who have not ruled out cooperation with Pasok.

LETTERS

A matter of degree: A level, undergraduate and graduate study

From Mr Martin Dodson. Sir, Although university courses would be seriously affected by a radical broadening of the sixth form curriculum, (letter, September 27), a lengthening of the bachelor's course to four or five years is not the only option. Additional academic qualifications may be the answer.

Only about 40 per cent of graduates in physical sciences, and 60 per cent in engineering and technology go directly into professional employment, according to figures gleaned from "University Statistics 1987-88". The remainder either train for further qualifications (40 per cent of physical scientists, 15 per cent of engineers), or enter employment in non-technical areas such as finance or management.

In the humanities, few graduates take up employment directly linked to their degree speciality. It is arguable from these figures that first-degree courses are, for many students, too narrowly oriented towards a professional qualification.

Selective post-graduate schemes along the lines of the North American master's degree or the German Diplom could provide an element of flexibility and would be more cost-effective than a blanket increase in the length of the bachelor's course. Graduates who required a full professional training could complete it by a two-year master's degree involving a substantial taught component.

The bachelor's course, liberated from the need to cram ever more "essential" specialist material into little more than two and a half years, could become a broader and more satisfying experience. Unfortunately, the current atmosphere of mistrust

between the Government and the universities in Britain does nothing to encourage the hope that resources would be available for initiatives of this nature, which call for years of careful planning. It seems more likely that universities will in due course be presented with a fait accompli and told to do the best they can.

Martin Dodson, High Leams, West Chesin Road, Otley, West Yorks.

From Mr Antonio Balazs. Sir, As a former pupil at a boarding school in England and now a student at a university in the US, I have observed two very different systems of education. I agree with Michael Prowse ("The absurdity of A Levels," September 22) that a viable vocational alternative to A levels is of paramount

importance. The case for reform is, however, more complicated than Mr Prowse makes out. The American system, in which students up to master's level are required to take a range of courses outside their speciality, can turn out graduates who possess a broad but superficial knowledge. This means that one is often at an introductory level, learning basics, without reaping the harvest of the effort - rather like learning the alphabet yet never reading Shakespeare. I fear that an increase in the number of A level subjects would put pupils in England in the same position.

More subjects would also mean more, not less, elitism in the system as a whole. A person wanting to become a doctor would spend longer in school than he does at present because less material would

have been covered before university. The extra cost might be too much for some people. In America, where getting any degree takes longer than in England, I bear all too often about prohibitive costs prematurely ending both an education and a career.

A big problem with A levels is that one is not taught how to work. After O levels, I was faced with a sudden massive increase in the amount and difficulty of work. My classmates and I were never taught how to meet systematically this extra load, although we were constantly being told we were not working hard enough.

The first priority for reform is the implementation of a vocational alternative to A levels, and a campaign to change attitudes towards it.

Antonio Balazs, 2030 P Street, NW, Washington DC

Framlington

From Mr Tim Miller. Sir, John Edwards's account of the hypothetical model Framlington investor - Uncle Charles's friend, or the vicar in Carlisle ("Framlington: a pause for thought," September 23) - gave the impression that my old company was some kind of fuddy-duddy or doddo. This is nonsense.

The Green Party and global economics

From Mr John Matthissen. Sir, Opposition to capitalism and the free market is being resoundingly rejected by the Green Party at its conference in Wolverhampton. The real problem is the scale and intensity of industrialism. Industrial activity has grown enormously over the last century, without any legislative or fiscal framework restraining it within the context of global environmental imperatives.

Plastic cards

From Mr Michael Dixon. Sir, Linked automatic teller machines (ATMs) must eventually be the answer to both convenience and cost when "playing your cards right on holiday" (FT, September 16). However, for my latest visit to Geneva, I transferred sterling to my Access account at Swiss banks in Geneva. I incurred neither transaction nor interest charges, save a minor loss of interest on my current account. Access normally charges for borrowing on receipt and Visa charges 1.5 per cent turnover. Currency and travellers cheques can be expensive.

Satellite TV

From Mr Jonathan Miller. Sir, A solution to Channel 5's woes ("Reception conflict and delays threaten Channel 5 launch," September 28) could be satellite reception in areas where the signal will not be had from the ground. In about a year, a second Astra satellite will be launched to add 18 channels to those now on the first Astra. Channel 5 could lease one channel and transmit to the homes which have bought satellite dishes to watch our programmes. We would welcome this complement to our own service and its effect in making an investment more attractive to viewers.

PEP and the paid lunch

From Dr J.M. Crossley. Sir, I am sure that Philip Chappell (letters, September 16) is right in saying that in most cases PEP (personal equity plan) charges just about balance the tax-saving of this form of investment for basic rate taxpayers. In effect, however, this means that my investments are being professionally managed free of charge, so the PEP is still worthwhile.

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So what has Throgmorton done to move with the times? Certainly not to develop these initiatives. It has, for example, cut back drastically and sold the life company. Tim Miller, 9 Bartholomew Villas, NW5

J.M. Crossley, Ogden, 20 Somerville Road, Sutton Coldfield, West Midlands

Michael Dixon, Acree Wood, Dunston Lane, Burton, South Wirral

Jonathan Miller, Sley Television, Isleworth, Middlesex

Barrage

From Dr A.N. Lance. Sir, The arguments advanced by Chris Gossop in "Public funding for Tunnel Links" (letters, September 25) apply to other mega-projects as well. One hopes that the taxpayer does not face another miscalculation over the proposed Cardiff Bay Barrage Scheme, but the signs are that the Government has its priorities wrong in this case too.

Ministers have failed to secure Euro-funding for the Butetown link of the Cardiff peripheral distributor road. Yet surely it is the road, not the barrage, which is crucial to the redevelopment of Cardiff's derelict dockland.

The Royal Society for the Protection of Birds (RSPB), other conservation bodies in Wales and thousands of local residents do not want the barrage. It will flood basements, create long-term pollution and destroy important bird feeding grounds. Then the reluctant taxpayer will be squeezed for another £45 million to subsidise the "miscalculation" about the road.

Parliament still has time to stop this folly by rejecting the Cardiff Bay Barrage Bill. A.N. Lance, Director (Conservation), RSPB, The Lodge, Sandy, Bedfordshire

ADVERTISEMENT BUILDING SOCIETY INVESTMENT TERMS. Table with columns: Product, Applied rate, Net CAR, Interest paid, Minimum balance, Access and other details. Lists various investment products from Alliance and Lifestar, Gold Plus, ReadyMoney Plus, etc.

UK COMPANY NEWS

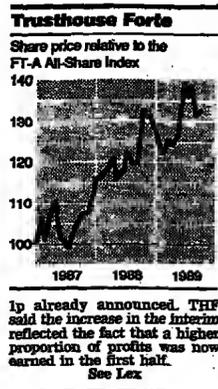
Improved margins and higher overseas contribution in core areas All-round growth lifts THF 20%

By Andrew Bolger

TRUSTHOUSE FORTE, the hotel and catering group, yesterday reported a 20 per cent increase in pre-tax profits to £145m in the nine months to July 31. The current financial year will have 15 months as THF shifts its year-end to January 31.

US market, upgrading and rationalisation of facilities continued. Mr Forte said the 50th Travelodge budget hotel had been opened in the summer and it was expected that 100 such hotels would be operating in the UK by the end of next year.

Disposals continue from Kennedy Brookes, the hotelier and Wheeler's restaurants chain, which THF bought for £200m in April last year. Mr Forte said that by the year-end properties worth £120m would have been sold.



Unilever paying £31.6m for Jeyes

By Christopher Parkes, Consumer Industries Editor

UNILEVER, the Anglo-Dutch multinational, has agreed to pay £31.6m, including £3.3m of debt, for Jeyes Hygiene, an industrial cleaning products specialist.

Property sale helps Coates Brothers show 9% advance

By Peter Marsh

COATES BROTHERS, the inks and resins maker, pushed up pre-tax profits for the first half of 1989 by 9 per cent to £18.5m. The advance from £17m, on a 14 per cent rise in turnover to £190.4m (£167.3m), was partly explained by an exceptional property sale profit of £700,000.

Mr John Youngman, chairman, said another factor had been the stabilisation of the rise in raw materials prices for resin. Coates had been able to pass on to customers more of the price rises than it had expected in May, when Mr Youngman forecast a minimal profit increase for the half.

With the developed world relying under mountains of printed paper and packaging materials, printing inks should be a growing and profitable market. And so it is, over the longer term. But analysts have trouble in reconciling this enthusiastic view with shorter term problems. Not only has Coates had to struggle with rising raw materials prices, it seems to have encountered difficulties in turning its sales and marketing operations to conditions in individual countries. This is all the more important now that the UK, after the Loricel purchase, accounts for only one third of sales with the rest of Western Europe accounting for a further third. The 40 per cent stake held by French state-owned chemicals company 'Orkem' essentially protects Coates from a bid. But this may change as a result of an imminent Paris-inspired reshuffle of French chemicals. Should this happen, Coates would be an attractive target for the two global inks makers, Dai Nippon of Japan or BASF of West Germany. Considering this, and the good prospects for inks in the 1990s, the shares might seem undervalued on a p/e of 7.5 on £58m pre-tax for the full year.

Panfida in loss after goodwill

By Clay Harris

PANFIDA GROUP, the retailer which includes five-star London hotels, saw a 24 per cent increase in profits and European trade was very strong, with Paris leading in the bi-monthly year.

Adwest advances 20% to £16m

By Clay Harris

ADWEST GROUP, the diversified engineering and property company, increased pre-tax profits by 20 per cent from £13.5m to £16.2m in the year to June 30.

Turnover rose by 5.5 per cent to £108.3m (£97.8m). The operating margin on continuing activities fell from 12.7 per cent to 12.2 per cent, but Adwest got the benefit of net interest receipts of £78,000 (£138,000 payments), and the loss from discontinued operations was cut to £207,000 (£311,000).

The exclusive licence granted to its Bowden Controls subsidiary to manufacture Nippon Cable Systems brake and clutch cables for supply to Japanese motor vehicles in the UK. This, and the visionary move into Continental-based components production, shows the road Adwest is taking. The group rightly notes the virtue of its diversified nature, but that should not rule out selective disposals. Allowing for continued softness in the property market, Adwest should advance to £17.5m pre-tax in the current year, for an undermaned prospective p/e of 10.

BSS pays £12m for heating distributor

By Andrew Hill

BSS GROUP, the distribution company, has strengthened its domestic heating equipment arm with the purchase of J&B Labone from Parkfield Group for £12.1m cash.

Arlen gets £6m injection

By Andrew Hill

ARLEN, has turned to Mr Maurice Dwek for a £6.12m cash injection and additional management expertise to help it cope with the slowdown in UK housebuilding. Its main market, writes Clay Harris.

Mr Leslie Hancock, chairman and managing director, said the investment would enable Arlen to reduce borrowing, continue its capital spending programme and set out again on the acquisition trail.

Dwek and the MIM investment management group, is subscribing £2.88m for ordinary shares equal to 25 per cent of Arlen's enlarged share capital. The shares are being issued at 90p, a premium to Thursday's closing price of 79p. After the deal was announced, Arlen shares jumped 18p to close at 92p.

Courtney Pope helped by lighting

By Andrew Hill

A 42 PER CENT advance in pre-tax profit for the year ended May 31 1989 was achieved by Courtney, Pope (Holdings), and the dividend is raised 21.5 per cent.

Children's Medical asset value ahead

By Andrew Hill

Children's Medical Charity Investment Trust's net asset value improved from 97.1p to 102.6p basic and from 97.6p to 102.2p fully diluted at the end of the six months to June 30. Gross revenue from investments was £21.05m (£27.65m). Net revenue after interest and other expenses was little changed at £21.18m (£21.23m).

F&C Pacific nav up 17%

By Andrew Hill

Net assets of F&C Pacific Investment Trust increased by 17.4 per cent from 198.8p per share at January 31 1989 to 237.5p at July 31. As at July 31, the trust's holdings were £74.2m. Total gross revenue for the six month period was £3m (£3.06m) and the pre-tax profit £1.9m (£1.87m). After tax of £955,000 (£922,000) earnings are down from 1.7p to 1.06p. The interim dividend is raised to 0.3p (0.4p). The directors said the income for the half year was not necessarily indicative of the annual total.

Clarkson up 61%

By Andrew Hill

Horace Clarkson, the shipping and business holding group, increased pre-tax profits by 61 per cent to £4.22m in the six months to June 30. Turnover rose to £13.2m (£16.3m). On earnings per share of 15.2p (9.5p), the interim dividend is lifted to 2.5p (2.25p). The group said shipbroking had a good six months, and shipowning continued satisfactorily. Its specialist Lloyd's names' insurance brokers had another good renewal season.

ASB Barnett on a plateau at £11,000

By Andrew Hill

ASB Barnett Kinnings, the Third Market quoted advertising group, reported pre-tax profits of £11,000, against £10,000 for the six months to June 30 on turnover which had improved from £519,000 to £750,000.

Bristol Channel Ship Repairers cuts losses

By Andrew Hill

Bristol Channel Ship Repairers cut its loss from £57,000 to £29,000 in the year ended March 31 1989.

Acquisitions lift BLP to £1.7m

By Andrew Hill

Including first-time contributions from Woodtape North American and Berg, the BLP Group showed a pre-tax profit advance from £923,000 to £1.7m in the six months to June 30. This was achieved on turnover more than doubled to £19.05m (£8.4m). The group, noted on the USM, makes real wood laminates and wrapped mouldings. The comparative figures have been adjusted to take in TBS Fabrications.

Reduced profits of £405,000 for Wills

By Andrew Hill

Reduced pre-tax profits of £405,000 were announced by Wills Group, importer and financial services company, for the six months to June 30, compared with a previous £536,000. Turnover rose from an adjusted £32.5m to £33.9m. Directors were confident that the second half would produce a good level of profitability.

Stylo optimistic over full year

By Andrew Hill

Stylo, the footwear retailer, is looking forward to a satisfactory year's profit provided the weather is seasonable and Christmas trade good.

Throgmorton Dual shows improvement

By Andrew Hill

For the 12 months to July 31 1989 Throgmorton Dual Trust improved its net asset value: the capital share from 750.4p to 827.9p and income share from 35.5p to 38.4p.

Blackland Oil joins Third Market

By Andrew Hill

Blackland Oil has joined the Third Market, sponsored by Neilson Minerals. It is an onshore explorer and producer mainly in the east Midlands.

Citygrove higher at £3.05m

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Citygrove, investment and property development, reported pre-tax profits up from £2.28m to £3.05m in the six months ended May 31 on a turnover of £46.57m compared with £29.12m.

Baltic advances to £6.65m at half year

By Andrew Hill

Baltic, asset finance, property and investment services group, lifted pre-tax profits from £5.4m to £6.65m in the first half of 1989. Turnover advanced from £22.85m to £30.86m.

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MARKET STATISTICS

BANK RETURN

	Wednesday September 27, 1989	Increase or decrease for week
LIABILITIES		
Capital	14,553,000	1,761,121
Public Deposits	69,730,931	30,707,021
Bankers Deposits	1,480,882,803	10,427,714
Reserves and other Accounts	2,242,725,004	61,004,559
	3,808,012,698	93,183,364
ASSETS		
Government Securities	1,482,131,600	440,855,182
Advances and other Accounts	894,874,362	30,707,021
Provisional Equipment & other Steps	1,443,985,889	389,788,414
Notes	5,285,889	1,818,174
Gold	205,032	1,037
	3,808,012,698	93,183,364

ISSUE DEPARTMENT

	15,000,000,000	+ 11,613,142
Notes in circulation	15,000,000,000	+ 11,613,142
Notes in Banking Department	8,965,981	1,673,142
	15,000,000,000	+ 10,000,000

ASSETS

	11,015,100	+ 242,818,082
Government Securities	14,200,894,239	+ 242,818,082
Other Securities	728,550,571	
	15,030,000,000	+ 10,000,000

EUROPEAN OPTIONS EXCHANGE

Series	Nov 89	Dec 89	Jan 90	Feb 90	Mar 90	Apr 90	May 90	Stock
Call C	3,900	2,100	1,900	3,700	11,200	219,000	14	2,345.90
Put C	3,900	2,100	1,900	3,700	11,200	219,000	14	2,345.90

Series	Nov 89	Dec 89	Jan 90	Feb 90	Mar 90	Apr 90	May 90	Stock
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Put P	3,900	2,100	1,900	3,700	11,200	219,000	14	2,345.90

ECONOMIC DIARY

TODAY: European Community ministers meet in Paris to debate terms of television. Lebanon's parliament is expected to meet in Beirut. Saudi Arabia to discuss political reforms aimed at ending the civil war. Second part of Communist Party central committee plenary meeting in Warsaw. Start of two-day Bar conference in London.

TOMORROW: Mr Yasuji Arizaki, PLO leader, begins visit to Japan (until October 4).

MONDAY: Central Statistical Office publishes final August retail sales figures and credit business (August). European Community general affairs council meets in Brussels (until October 3). Labour Party conference opens in Brighton (until October 6). European Community foreign ministers meet in Luxembourg (until October 3). Financial Times conference on "Retail financial services" in London (until October 3). Resumption of START talks in Geneva. International Bar Association conference in Strasbourg (until October 6). Confederation of European Agriculture prices and other indicators. Housing starts and completions for August are produced by the Department of the Environment, while the Department of Energy issues advance energy statistics for August.

TUESDAY: The Treasury issues figures for UK official reserves in September. Bank of England publishes statistics for capital issues and redemptions for September. US budget monthly statement (September). King Juan Carlos of Spain visits Poland (until October 5). PE-institute survey of salaries and benefits. Institute of Economic Affairs launch "Mounting Greenery" book.

WEDNESDAY: Department of Employment gives figures for overseas travel and tourism in July and a detailed analysis of employment, unemployment, earnings, prices and other indicators. Housing starts and completions for August are produced by the Department of the Environment, while the Department of Energy issues advance energy statistics for August.

Nationwide Anglia

£300,000,000

Floating Rate Notes Due 1996

(Second Series)

Issued by Nationwide Building Society

Interest Rate: 14.5175% per annum

Interest Period: 29 September, 1989 to 31 October, 1989

Interest Amount per £50,000 Note due 31 October, 1989: £63.64

Interest Amount per £50,000 Note due 31 October, 1989: £63.638

Agents: Baring Brothers & Co. Limited

BASE LENDING RATES

Bank	Rate	Bank	Rate
ABN Bank	14	Cheltenham Bank	14
Adams & Company	14	Comer Bank	14
Allied Irish Bank	14	Co-operative Bank	14
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Bank of Australia	14	Cyprus Popular Bank	14
Bank of Canada	14	Dental Centre	14
Bank of China	14	Equatorial Bank plc	14
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Bank of Spain	14	International Bank	14
Bank of Sweden	14	Investment Bank	14
Bank of Switzerland	14	London Finance	14
Bank of Taiwan	14	London Finance	14
Bank of Thailand	14	London Finance	14
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INTERNATIONAL COMPANIES AND FINANCE

Pirelli lifts profits 14% and aims to raise L620bn

By John Wyles in Rome

ITALY'S PIRELLI group yesterday coupled publication of a 14.3 per cent rise in its consolidated six-month net profits with an announcement of a L620bn (\$452m) capital increase.



Leopoldo Pirelli founder of the Pirelli tyre group...

that both sales and profits had shown "appreciable progress in the six months to the end of June."

Links with Spedley force ANI into the red

By Chris Sherwell

AUSTRALIAN NATIONAL Industries (ANI), the large engineering group now under the control of Mr Kerry Packer, the businessman, has plunged dramatically into the red as a result of its costly involvement with the collapsed Spedley group.

Australian banks build cross stakes

By Chris Sherwell in Sydney

THE National Australia Bank (NAB) and the Australia and New Zealand Banking (ANZ) group, the country's second and third largest commercial banks, confirmed yesterday that they had taken cross-holdings in each other, fuelling speculation about a merger.

acquired in recent weeks several share parcels in listed banks, including a package of NAB shares. He said the purchases were made as part of a portfolio investment and did not indicate any other intentions.

in all three banks. Adsteam confirmed on Thursday that it had reduced its holding of NAB shares from 14.3 per cent to 11.1 per cent, but gave no details of its ANZ stake, which was just below 10 per cent.

These projections depended on the privatisation of the Commonwealth Bank, but resistance from the ruling Labor Party and the bank employees' union frustrated any such plan. Westpac is now thought to have built up stakes in the smaller Advance and Challenge banks.

Pritzkers seek to acquire all shares in Hale

By Michael Murray

THE PRITZKER family of Chicago, owner of the Hyatt Hotel chain, intends to make a general offer to shareholders of Hong Kong-listed Hale Corporation, following a restructuring under which the Southern Pacific Hotel Corporation will effectively become a wholly-owned subsidiary of Hale.

Regulators order KLM to cut NWA investment

By Roderick Oram in New York

THE US Department of Transportation confirmed yesterday that KLM Royal Dutch Airlines would reduce its role in NWA, parent of Northwest Airlines, to allay regulators' fears that it would have too strong an influence over the US carrier.

six years, cutting BA's share to 35 per cent. In addition, BA could also sell more quickly UAL preferred stock it would hold, to reduce the stake to 21 per cent.

Bertelsmann advances by 16%

By Haig Simonian in Gutersloh

NET PROFITS at Bertelsmann, the West German-based international media group, rose by 16 per cent to DM620m (\$228m) in the year ended June, against DM522m the previous year.

Paribas boosts stake in Mixte

By William Dawkins in Paris

PARIBAS, the leading French investment bank, yesterday announced it had boosted its stake in Navigation Mixte, a French conglomerate with interests in insurance, food, champagne and banking, from 1.9 per cent to 7 per cent.

Funds snag hits AS2bn bid for IEL

By Chris Sherwell

THE A\$1.9bn (US\$1.5bn) management-led bid to take over Industrial Equity (IEL), the Australian arm of Sir Ron Brierley's business empire, has struck snags over funding.

Century City plans US development

By Michael Murray in Hong Kong

RICHFIELD International, the property and investment unit within the Lo Yuk Sui's Century City Group, has announced a US\$300m property development in Los Angeles. This will include a 500-room hotel, serving as Regal Hotels' flagship for the US west coast.

Bosch to buy US tools company

By Robert Bosch

ROBERT BOSCH, the West German automotive components and electronics group, expects to spend about \$220m acquiring Vermont American Corporation of Louisville, Kentucky, which makes electronic machine tools, writes David Goodhart in Bonn.

Correction Bond Corp Intl

BOND Corporation International made net attributable profits of HK\$1.93bn for the year ended June 1989. The figure was wrongly given as HK\$1,935.6m yesterday.

World Commodities Prices

Table with columns: Commodity, Price, Change, High, Low. Includes items like Gold, Silver, Copper, etc.

US Markets

IN THE METALS, gold and silver prices drifted lower despite a weak US dollar, reports Drexel Burnham Lambert. Platinum rose above \$300.

New York

Table with columns: Commodity, Price, Change, High, Low. Includes Gold, Silver, Copper, etc.

Chicago

Table with columns: Commodity, Price, Change, High, Low. Includes Soybeans, Corn, etc.

SPOT MARKETS

Table with columns: Commodity, Price, Change, High, Low. Includes Crude oil, Dubal, Brent Blend, etc.

COCOA - London POKE

Table with columns: Commodity, Price, Change, High, Low. Includes Cocoa, Coffee, etc.

POTATOES - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Potatoes, Soybeans, etc.

SOYBEANS - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Soybeans, etc.

SOYBEAN MEAL - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Soybean meal, etc.

COFFEE - C

Table with columns: Commodity, Price, Change, High, Low. Includes Coffee, etc.

PLATINUM 500g

Table with columns: Commodity, Price, Change, High, Low. Includes Platinum, etc.

WHEAT 5,000 bu

Table with columns: Commodity, Price, Change, High, Low. Includes Wheat, etc.

CRUDE OIL - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Crude oil, etc.

SOYBEAN OIL - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Soybean oil, etc.

SOYBEAN MEAL - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Soybean meal, etc.

SOYBEAN FLAKE - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Soybean flake, etc.

SOYBEAN CURD - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Soybean curd, etc.

SOYBEAN HULLS - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Soybean hulls, etc.

SOYBEAN BRAN - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Soybean bran, etc.

SOYBEAN MEAL - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Soybean meal, etc.

SOYBEAN OIL - BSE

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Table with columns: Commodity, Price, Change, High, Low. Includes Soybean meal, etc.

SOYBEAN OIL - BSE

Table with columns: Commodity, Price, Change, High, Low. Includes Soybean oil, etc.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak but pound holds

CURRENCY TRADING ended the week on a confused note. Central banks continued to try and trim investors away from the dollar by repeated intervention...

ended in the D-Mark. This in turn put pressure on other European currencies but none more so than sterling, already suffering a crisis of confidence after a string of disappointing UK economic data.

compared with SFY1.6815. On Bank of England figures, the dollar's exchange rate index fell to 69.5 from 69.9.

2 IN NEW YORK

Table with 2 columns: Label, Price. Includes Sterling, Gold, Silver, etc.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Date, Label, Price, etc. Shows dollar spot and forward rates against the dollar.

STERLING INDEX

Table with columns: Date, Label, Price. Shows the sterling index over time.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns: Date, Label, Price, etc. Shows pound spot and forward rates against the pound.

CURRENCY RATES

Table with columns: Date, Label, Price, etc. Shows various currency rates.

EUROPEAN CURRENCY UNIT RATES

Table with columns: Date, Label, Price, etc. Shows European currency unit rates.

CURRENCY MOVEMENTS

Table with columns: Date, Label, Price, etc. Shows currency movements.

EURO-CURRENCY INTEREST RATES

Table with columns: Date, Label, Price, etc. Shows euro-currency interest rates.

OTHER CURRENCIES

Table with columns: Date, Label, Price, etc. Shows other currency rates.

EXCHANGE CROSS RATES

Table with columns: Date, Label, Price, etc. Shows exchange cross rates.

FORWARD RATES AGAINST STERLING

Table with columns: Date, Label, Price, etc. Shows forward rates against sterling.

FT LONDON INTERBANK FIXING

Table with columns: Date, Label, Price, etc. Shows FT London interbank fixing.

MONEY MARKETS

UK rates firm. The Bank of England's decision yesterday to leave base rates unchanged managed to bring some stability into a money market that had spent the morning in a state of uncertainty.

MONEY RATES

Table with columns: Date, Label, Price, etc. Shows money rates.

LONDON MONEY RATES

Table with columns: Date, Label, Price, etc. Shows London money rates.

LEFTY LONG CALL FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Shows lefty long call futures options.

LEFTY SHORT CALL FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Shows lefty short call futures options.

LEFTY SHORT PUT FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Shows lefty short put futures options.

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LONDON RECENT ISSUES

Table with columns: Issue Name, Price, etc. Lists London recent issues.

RIGHTS OFFERS

Table with columns: Issue Name, Price, etc. Lists rights offers.

FIXED INTEREST STOCKS

Table with columns: Issue Name, Price, etc. Lists fixed interest stocks.

TRADITIONAL OPTIONS

Table with columns: Issue Name, Price, etc. Lists traditional options.

MONTHLY AVERAGES OF STOCK INDICES

Table with columns: Index Name, Average, etc. Shows monthly averages of stock indices.

COMPANY NEWS DIGEST

Epicure advances to £1.55m. In the first half of 1989, Epicure Industries increased profits substantially, made two acquisitions, developed its strategy by disposing of non-core businesses, and established itself in niche markets which have growth potential.

BOOKS

The WEEKEND FT publishes a books page every week and proposes to publish a Business Books Report on 2nd September.

WORLD STOCK MARKETS

US MARKETS (3pm)

Table of US stock market data including S&P 500, Dow Jones Industrial Average, and various sector indices.

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Table of various stock market indices including DOW JONES, S&P 500, and regional indices.

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Base values of all indices are 100 except NYSE All Common - 50, Standard and Poor's - 10, and Toronto Composite and Helsinki - 1000. Toronto includes issues 1972 and Montreal 1969-82. S&P 500 includes issues 1926-1931, 1933-1939, 1941-1942, 1944-1945, 1947-1948, 1950-1951, 1953-1954, 1956-1957, 1959-1960, 1962-1963, 1965-1966, 1968-1969, 1971-1972, 1974-1975, 1977-1978, 1980-1981, 1983-1984, 1986-1987, 1989-1990.

WORLD STOCK MARKETS

AMERICA

Dow continues to climb in light trade

Wall Street

EQUITIES moved higher after buyers drew encouragement from the relatively strong performance of the day before, writes James Buchan in New York.

By 1.30 pm, the Dow Jones Industrial Average was up 12.73 points at 2,707.64. Volume was on the light side, with little more than 90m shares changing hands in the morning session.

Other financial markets were subdued. On the foreign exchange, where the US dollar has been under assault all week from an international central bank campaign to drive its exchange value down, a certain calm reigned. By the mid-

dle of the day, the dollar was at Y138.45 and DM1.5715, about a yen and a penny respectively down from late Thursday's rates in New York.

In the credit markets, investors were little impressed by a report from the Commerce Department that leading economic indicators had risen 0.3 per cent. The rise was in the middle of economists' forecasts and seemed further confirmation that the US economy is still growing at an appreciable rate and is unlikely to require the stimulus of lower interest rates.

None the less, long-dated maturities rose modestly with the Treasury 8.125 per cent of 2019 up 1/4 of a point to yield 8.397 per cent.

The most heavy trading in the stock market was in Har-

court Brace Jovanovich, which announced it had sold its theme park business for \$2.1bn after trading closed on Thursday. The proceeds were a severe disappointment to the bulls who believed Harcourt Brace would raise up to \$1.75bn from the deal and the stock fell precipitately. By mid-session, Harcourt Brace was \$12.4, down 4 1/2%, as investors dumped more than 2m shares hurriedly.

Elsewhere, the stock market remained dominated by the disappointment delivered by IBM on Wednesday, when it said stockbrokers' forecasts for its 1989 profits were too high. IBM itself stabilised yesterday, up 1/4% at \$109.24, but the market remains deeply worried about the outlook for profits

from capital goods companies. In reaction, investors continued to take refuge in companies with profits considered predictable, above all Philip Morris, which rose 1/4% to \$165.4, and Coca-Cola, up 1/4% to \$68.3. These stocks have reassumed the leadership they enjoyed earlier in the summer.

Among other blue chips heavily traded, General Electric rose 1/4% to \$67.4 and McDonald's fell 1/4% to \$30.4. Drug stocks, traditionally regarded as a safe haven at times of doubtful economic outlook, did well, except for Merck, which had risen strongly on Thursday and fell 1/4% to \$75. Bristol-Myers was up 1/4% at \$63 in response to reports that the Food and Drug Administration plans to allow

distribution of its experimental Aids drug, Squibb, which is merging with Bristol, rose 1/4% to \$129.4 and SmithKline Beecham US traded units were up 1/4% to \$39.4.

Campbell Soup rose \$2 to \$48.4 on moderate volume after one stockbroker recommended the company.

Canada

REVIVED activity after a slow start led to Toronto stocks rising in moderate trade by mid-day. The composite index rose 1.7 to 3,944.4 on volume of 17m shares. Advances led declines by 236 to 205. Laidlaw fell 3 1/2% to C\$22.1 in heavy trade. It has shown recent strength because of its waste management division.

ASIA PACIFIC

Cautious profit-taking triggers Nikkei slip

Tokyo

EQUITIES were undermined by profit-taking and increasing caution yesterday, after an initial attempt to retain their buoyant tone, writes Michiko Nakamoto in Tokyo.

To begin with, the Nikkei average was supported by the rising yen, posting a high for the day of 85,778.03. However, a suspicion that share prices had risen too quickly triggered profit-taking and the Nikkei closed 53.22 lower at 85,636.76 - a rise over the week of 2.5 per cent. The day's low was 35,537.27.

Advances, none the less, led declines by 564 to 410 while 154 issues were unchanged. Turnover fell to 948m shares from the 1,030m traded on Thursday.

The Tokyo index of all listed shares gained 8.04 to another record of 2,702.22. In London, the FTSE/Nikkei 50 index rose 2.53 to 2,603.91.

There were opposing influences on sentiment at politico-economic level. The yen continued to firm against the dol-

lar, and fears of further rises in interest rates appeared to be receding. Against that, a by-election for a seat in the Upper House of the Diet threatened a loss for the ruling Liberal Democratic Party (LDP), although some experts felt that an LDP loss had already been discounted.

Meanwhile, the rise in the Nikkei index indicated that interest was still quite strong in specific issues. The move to buy small to medium-sized companies with good earnings and relatively low prices continued, with railways featuring.

Tokyo Corp, the railway company which belongs to the Tokyo group of companies, was actively traded as investors kept up their guessing game as to whether or not shares in some group companies were being accumulated by a specialist. Tokyo Corp's volume list with 15.2m shares, and gained Y40 to Y1,900.

Hankyu Corp, a railway company based in western Japan, advanced Y60 to Y1,440 in

active trading on the strength of the company's land holdings.

Odakyu Electric Railway, which runs a highly profitable line between a central part of Tokyo and a popular, nearby mountain resort, was third in volume with 12m shares and firmed Y60 to Y1,800. Odakyu was also popular on the strength of its low price and a new commuter line which it plans to set up.

Trading in Osaka brought railways and real estate companies into the spotlight, while profit-taking hit the recently popular mechanical engineers and pharmaceuticals. The OSE average advanced 30.09 to 36,176.52 but volume receded to 110m shares from the 112m traded on Thursday.

Roundup

LEADING Asia Pacific markets advanced, with Sydney leading the way as the Australian dollar declined.

AUSTRALIA was encouraged by a weaker local dollar and by further activity in the

banking sector. The All Ordinaries index gained 15.5 to 1,735.7, a rise of 1.7 per cent over the week.

Positivity squaring at the end of the month and the expiry of options pushed turnover to 19m shares worth A\$648m.

National Australia Bank (NAB) rose 2 cents to A\$6.84 as Lim shares changed hands, while ANZ gained 2 cents to A\$5.60 on 1.6m shares. The two banks said that they had been buying shares in each other, fueling merger speculation.

Westpac Banking picked up 4 cents to A\$5.50 on an active 7.6m shares.

IEL, the Australian arm of Sir Ron Brierley's business, rose 2 cents to A\$2.27 on turnover of 8.9m shares after announcing a sixfold rise in after-tax operating profits.

HONG KONG hung on to the previous day's gains, closing slightly higher. The Hang Seng index rose 2.53 to 2,758.28 after profit-taking and caution before China's National Day tomorrow eroded strong early gains. The rise on the week was 1.9 per cent.

Turnover continued to improve, rising to HK\$1.1bn from Thursday's HK\$961m.

SINGAPORE had another fairly quiet session, with early gains being trimmed by profit-taking. The Straits Times Industrial index added 8.78 to 1,576.18 - 1.3 per cent down on the previous Friday's level.

There was some foreign interest, while takeover speculation breathed some life into the retail sector.

SEIOL rose strongly again as confidence flowed back into the market. The composite index gained 11.49 to 943.44.

TAIPEI tumbled further after Thursday's holiday, with the weighted index losing 124.92 points to 10,364.84. The decline has followed the announcement of measures, introduced yesterday, which prevent the publication of the number of outstanding orders for stocks which move by the daily limit.

MANILA survived a round of selling after news of the death of former President Ferdinand Marcos. The composite index eased 2.04 to 1,145.90.

SOUTH AFRICA

GOLD shares closed mixed to stable in Johannesburg, which drifted lower on a lack of fresh stimulus, as the bullion price eased after an early rally.

EUROPE

Interest rate fears predominate

INTEREST rate worries seemed uppermost yesterday, as the Continental week drew to a subdued close, writes Our Markets Staff.

PARIS set up of early gains and dropped substantially in early active trading as interest rate fears reigned.

Thursday's rise had been rather too fast, said an analyst. "The equity market finally took notice of the bad outlook for the bond market."

He added that selling by mutual funds had increased the pace of the decline. The CME 50 index lost 8.93 to 528.25 - a decline of 0.9 per cent on the week.

Most of the big movers were speculative stocks, with Exor up FF773 at FF1,783, Bou Marché - FF311 - higher at FF1,076 and Eurochem falling FF130 to FF3,971.

Paribas gained FF2 to FF520 on the strength of its good results and a rise in its stake in Navigation France, the French holding company, to 7 per cent. Mitrak, which plans a press conference for Monday, remained suspended.

The opening CAC General index, reflecting the positive Thursday session, reached its third successive all-time high, rising 3.2 to 567.3. Turnover was estimated at FF1.8m.

FRANKFURT took its fourth consecutive decline of the week as dealers stopped talking about whether the Bundesbank will increase key interest rates at next week's

ISTANBUL surged 4 per cent yesterday to a record high in hectic trading, as the rally that has sent share prices 22.3 per cent higher in a week continued. The stock index closed at 1,478.26 in sharply higher volume.

The factors behind the rise included increased buying by funds, fresh foreign and local exchange inflows, and last month's measures to open up the market to foreigners.

meeting - and argued about what the increase will be.

The FAZ index fell 15.08 to 682.24, down 2.5 per cent on the week. Volume slipped again, from DM3.8m to DM3.6m, and the DAX index finished 11.38 lower at 1,574.87, a drop of 3.3 per cent from the previous Friday's close.

Analysts said that West German equities are very vulnerable to interest rate increases; a weak equity investment culture means that a sudden increase in the yield gap can increase some investment managers.

There was also the worry that Deutscher might choose next week to raise its benchmark rate, on which to launch its long expected rights issue. "History is full of amazingly ham-fisted rights issue announcements in this market," said one commentator.

ZURICH declined further under the weight of interest rate fears, which were widespread by a sharp rise in short-term rates. The Credit Suisse index slipped 0.5 to 643.4, a 2 per cent fall over the week. Bearers of insurer Swiss Re

and a L1.27 trillion call from the telecommunications company, SIP.

The SIP issue was had news yesterday for STET, the holding company which owns over 60 per cent of it. Despite good news, the stock price tumbled 1.78 to 1,650 while SIP slid 1.00 to 1,350.

MADRID kept to its downward path, as profit-taking continued. The general index lost 0.88 to 325.50, little changed since the previous Friday. Construction stocks made the steepest losses, with Asimaf off 11 percentage points at 1,201 per cent of par and Dragados down 2.51 to 677.

STOCKHOLM continued to climb, as the bullish sentiment of recent weeks gave way to new optimism.

The Affarsvärlden general index closed at 1,285.1, up 0.4 - and 0.8 per cent on the week.

Telecommunications company Ericsson led blue chips, its free B shares rising SKR72 to SKR75.

Car maker Saab-Scania, facing heavy losses and lay-offs in its car division, once again had the day's largest turnover with SKR30m worth of shares. The shares fell SKR2 to close at SKR288.

HELSINKI closed sharply higher, but dealers warned that the improvement was only temporary. The Untias all-share index rose 14.3 points to close at 697.0, a fall of 3.4 per cent on the week.

FT-ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, Thursday September 28 1989, Wednesday September 27 1989, and Dollar Index. Rows list various countries and their stock indices, including Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, and USA.

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LONDON STOCK EXCHANGE

Third quarter closes firmly for shares

THE UK stock market ended the third quarter of the trading year in good form yesterday, it said safely through the potentially turbulent expiry session in the London futures and options markets and, buoyed by the vigorous defence mounted by the central banks for sterling, moved higher as trading for the next equity account period got under way in late dealings.

Equity turnover increased as the session progressed, and a return of speculative interest was regarded by some analysts as an indication of renewed optimism in the sector. The Footsie index, although in negative territory for most of the day, advanced towards the end of the session and closed only just short of the 2,300 mark abandoned so abruptly on Thursday. At its final reading of 2,295.4, the FT-SE index was 7.7 up at the day's best level.

East, equities opened lower and extended their losses in nervous trading, with dealers shying away from an initial rise in London three-month money rates. The stock market grew increasingly apprehensive as 12.30pm - the likely time for the Bank of England to signal a base rate increase - grew closer.

However, as first the Footsie Futures and Options expiration passed off safely, and then the Bank left lending rates unchanged, share prices began to rally. After 3.30pm, when business opened for the new equity account, prices improved in higher turnover. The end of the old account

also marked the end of the third quarter, so that the late uptick indicated hopes in the market that fund managers will take an optimistic stance in the final quarter of the year. Many managers enjoyed successful business in the third quarter, when the FT-SE index added 6.9 per cent (See chart). Few wanted to sell stock this week, when the market first trembled and then fell sharply, some believe that the market, with the FT-SE still below 2,300, presents buying opportunities.

FINANCIAL TIMES STOCK INDICES table with columns for Government Secs, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, Ord. Div. Yield, Earning Yld % (incl), P/E Ratio (incl), SEAG Bargains (sum), Equity Turnover (m), Equity Bargains, Shares Traded (m), and various indices.

S.E. ACTIVITY table with columns for Gilt Edged Bargains, Equity Value, 5-Day average, Gilt Edged Bargains, Equity Bargains, Equity Value, SE Activity 1974, and various indices.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks including Astra, BHP, British Airways, British Telecom, British Petroleum, etc.

Pearl in the frame

Recent buying of composite insurers, inspired by takeover talk, switched to the life assurance arena where Pearl Assurance shares advanced strongly on talk of an imminent takeover bid.

The Pearl share price raced up to touch 53p during the morning, on sustained buying triggered by reports that Australian Mutual Provident (AMP), the Australian mutual group, had increased its lines of available credit. At the close Pearl shares were 52p, up 4p with turnover coming out at a rather disappointing 1.5m shares.

The Australian group bought the 15 per cent stake previously held by fellow-Australian company FAL run by Mr Rodney Adler, some months ago, thereby increasing its stake to round 18 per cent. Talk in the market was that AMP was about to launch an outright offer in the region of 60p a share for Pearl. But, as with the recent takeover speculation in composites, dealers and analysts were sceptical.

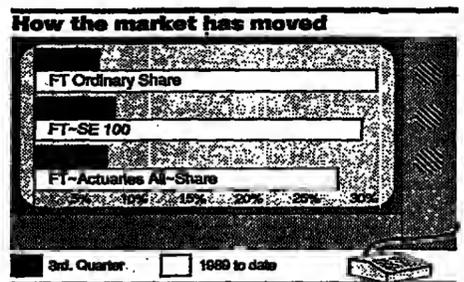
GrandMet converys An initial fall in Grand Metropolitan shares was largely recovered later in the day when the market took note of a new technical factor which takes effect next week. When GrandMet bought Fibreway last October, it made one-way bets on the issue in the form of convertible loan stock. That issue is converted into shares today, September 30. A total of 125m new shares will exist on Monday, effectively the result of the rights issue.

to top up their holdings to keep a level weighting in their portfolios. All eyes will be on US-based funds in particular, because they have not been able to hold any of the convertible loan stock. GrandMet initially fell to 57p, partly on continued vague talk of the possible resignation of a senior board member. Most dealing in the convertible loan stock ended with the account at 3.30 and the ensuing recovery in the equity took the price to 56p, still a net 4 lower, on strong turnover of 4.9m shares.

Wellcome wanted A substantial lead to yesterday's rally in equities came from Wellcome after reports of another valuable potential market for Retrovir, its anti-Aids drug. The British Medical Journal has disclosed that research tests in Holland show that AZT, the technical name for Retrovir, may prevent Aids-related dementia, which afflicts many of those suffering from acquired immune deficiency syndrome.

The shares put on 19 to 56p on turnover of 2.3m shares. After rising strongly since its acceptance by the US regulatory authorities - and the board's move to cut the Retrovir price, Wellcome shares received a further boost earlier this week from reports of problems with a rival anti-Aids product from Bristol-Myers. However, the shares show little change on the week after suffering in Thursday's shakeout in the London equity market.

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Unigate was helped by renewed talk that Mr Larry Goodman, the Irish entrepreneur, may be planning to dispose of his stake in the company. Dealers said that Mr Goodman may have judged that a full bid for Unigate could run into regulatory difficulties and that as his holding is more than 21 above purchase price he may be waiting for an opportunity to take his profits. However, analysts doubted these tales, noting that there appeared to be no obvious buyers for Goodman's Unigate stake. It closed up 4 at 38p.

Shares in British Aerospace hopped as the market came to the view that the company was unlikely to suffer from Braniff Airline's decision to file for bankruptcy under Chapter 11. BAE builds the wings for Airbus, for which Braniff has placed orders. The shares closed at 64p, a gain on the day of 4p.

NEW HIGHS AND LOWS FOR 1989 table with columns for New Highs and New Lows for various sectors like Chemicals, Food, etc.

COMMODITIES

WEEK IN THE MARKETS

Ivorian price cut sends cocoa lower

COCOA PRICES fell to 4-month lows on the London Futures and Options Exchange (F&O) yesterday after the Ivory Coast, the world's biggest producer, announced that it was again cutting the price it paid to its growers. The move, which is expected to result in Ivorian cocoa being supplied more freely to the market, sent the December futures price down to 2750 a tonne at one point. Prices recovered later, but the December position still ended down 234 on the day and 550 on the week at 2740 a tonne.

For the 1989-90 season the guarantee price to Ivorian cocoa farmers will be 200 CFA francs (38.5p) a kilogram, down from 225 for the 1988-89 mid-crop and 240 for the last main crop. If collection and export costs remain unchanged, the total cost will be between 2500 and 2700 a tonne, one London trader calculated yesterday, making the Ivory Coast the cheapest producer. In recent years determination to maintain producer returns and not to sell at a loss, had forced the country into a withholding policy that for a while helped to bolster world prices. But the dire condition of the Ivorian economy meant that such a policy could not be

takes 40 per cent of its profits from growing and selling tea and I believe this is a stock that has risen on the back of the 35 per cent rise tea price. The banks moved in line with the market and staged a strong late rally. The biggest action in the big four was in Barclays where a large buying order late in the day helped the shares improve to close a net 4 higher at 537p. Midland moved in a 17p range, sliding to 335p early in the session in profit-taking, but then responding to another wave of speculation that a much closer tie-up between Midland and Hong Kong and Shanghai Bank is imminent. By the end of the day Midland shares had recovered to close 6 higher at 365p on turnover of 2.6m.

Recent talk that a West German bank is about to launch an offer for Morgan Grenfell boosted Morgan shares 2 to 355p but SG Warburg remained a dull market, slipping 3 more to 411p. The Pearl speculation gave a widespread boost to other life assurances. London & Manchester, a long-time bid favourite in the sector, moved up 7 to 307p, while a couple of recent notes helped Legal & General edge up 4 to 356p. Sun Life, full of the interim dividend, ran up 27 to 115p.

Birmingham Mint, the Birmingham-based maker of electrical components, plummeted as the chairman posted a profit warning. He said the company had been hit by rising interest rates. The shares closed at 134p, down 28 on the day. The stake-building stories in BPE continued to do the rounds, with BPE shares rallying after an uncertain start to close a net 6 higher at 265p. Costain, also stimulated by

LEADERS AND LAGGARDS table showing percentage changes since December 30 1988 based on Thursday, September 28 1989 for various sectors like Agencies, Food Manufacturing, etc.

APPOINTMENTS

Changes at Wellcome company Mr Philip R. Tracey has joined the board of Wellcome. Mr Tracey was appointed executive vice president of Burroughs Wellcome Co, Wellcome's US subsidiary, on May 1, and will succeed Mr T.E. Baigier as president and chief executive officer upon Mr Haigler's retirement on November 1. Dr David W. Barry has also joined the board. He was appointed to the position of vice president of research, development and medical of Burroughs Wellcome Co on September 1 following the retirement of Dr Howard Schaeffer. Mr Hugh Sykes has become executive chairman of NEEPSEN. He was formerly chairman of Thermal Scientific and Technical Component Industries and is currently chairman of the Sheffield Development Corporation. On October 1 Mr George Yonker, MP, will join the boards of the ROYAL BANK OF SCOTLAND GROUP and its largest operating division, the Royal Bank of Scotland. At the same time Mr Jimmy James is retiring from the board from the Royal Bank of Scotland, but will remain a director of the Royal Bank of Scotland Group. Mr Brian Dawson becomes actuary of COMMERCIAL UNION EUROPE & OVERSEAS. He retains his responsibilities as life manager of the British & European

vague takeover talk, moved up 7 to 318p. A regular buyer of John Menzies was nowhere to be seen, said dealers, after the company's chairman warned that first quarter profit was 'below budget and reflects a difficult trading environment.' He said that first half profits would be flat. The shares weakened quickly to close 14 off at 410p. Whitbread weakened with the market despite Thursday's talk that it might have to sell all or part of its spirits business to comply with US laws. Whitbread is in the process of buying a chain of restaurants in the North West United States. The electronics sector was the scene of substantial activ-

ity with GEC attracting turnover of 14m shares and ending the day a net 2 1/2 ahead at 242p. Cable & Wireless rose 3 more to 560p on 2.4m after the ADS offering had been increased by 15 per cent to 12,075,000 ADS, representing 36,225,000 C&W shares. The Rascal twins bounced after the recent spate of selling induced by several profits downgradings; Telecom jumped 9 to 368p and Electronics, on turnover of 5.1m, added 5 at 227p. Figures from Trusthouse Forte, line with expectations, were 'unexciting,' said analysts. The shares ended unchanged at 133p having touched a low during the day at 125p. Mr Paul Slattery, at

Kleinwort Benson, trimmed his profit forecast for the year to January 1990 from £275m to £266m because of higher interest charges. On the bright side he identified good growth from popular restaurant chains and overseas. Arles shares soared 18 to 92p after the proposed 5p-plus cash injection by Seaforth Investments. Tinstall, on the other hand, slumped 32 to 235p after the group revealed it was having to make a further provision of £1.6m, and that profits for the current year would be significantly lower than the previous one.

Other market statistics, including the FT-Actuaries Share Index, Page 13

BENCHMARK GOVERNMENT BONDS table with columns for Coupon, Red Date, Price, Change, Yield, Week ago, Month ago for UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, Australia.

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and Ms Sheila Mackie have become associate directors. Mr Richard Martha has resigned as an executive director, but will continue to manage the UK affairs of Casper Oil.

Mr David Bolton has become group financial director at WEAVER HOLDINGS. Mr Douglas Page has been appointed managing director of Weaver Construction. He was previously surveying director.

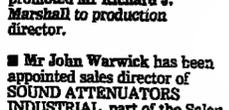
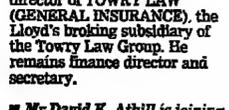
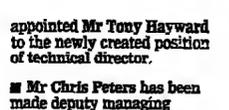
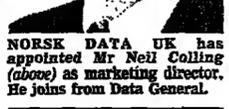
NATIONAL & PROVINCIAL BUILDING SOCIETY has appointed Mr Kevin James Wilford as director of N&P Financial Services with responsibility for consumer credit. He was finance director at Diners Club.

Mr Robin Harwood has joined ABE CALL CELLULAR, part of Air Call Communications, as sales director. He was an international sales manager with BT International Networks.

EXEL LOGISTICS NEWSFLOW has made Mr Ian Rogers its financial director.

MOTOR PANELS, a member of the CH Industrials Group, has appointed Mr Greg Mullins as managing director of its operation in Wigan. He was a director and general manager.

Mr George Gwill, Dr Tom Johnston and Mr David Stevenson have been made non-executive directors of HODGSON MARTIN from October 1. Ms Lindsay Boyd



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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Growth, Abbey Income, etc., with columns for name, price, and other details.

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GUIDE TO UNIT TRUST PRICING. A section explaining the pricing of unit trusts, including details on how prices are determined and how to interpret the data.

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

Table listing various UK unit trusts such as 'Raffle Gift Aid Unit Trust', 'The Yorkshire Unit Trust', and 'Edinburgh Fund Mgrs Ltd'.

INSURANCES

Table listing insurance-related unit trusts and their details.

Continued on next page

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OFFSHORE AND OVERSEAS' and 'GUERNSEY (SB REDUCED)'.

FT UNIT

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

LONDON SHARE SERVICE

Main table of London Share Service, listing various share funds and loans with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'BRITISH FUNDS', 'BRITISH FUNDS - Cont'd', and 'LOANS'.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing various bank accounts with columns for Name, Price, Yield, and other financial metrics.

UNIT TRUST NOTES
Prices are in pence unless otherwise stated and three decimal places are given for all prices. All prices are shown as at the close of business on the date shown. All prices are subject to change without notice.

LONDON SHARE SERVICE

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AMERICANS - Contd

Table listing American companies such as Ford Motor, General Electric, and American Express, with columns for stock price, bid, offer, and other financial metrics.

CANADIANS

Table listing Canadian companies such as Alcan, Inco, and Northern Telecom, with columns for stock price, bid, offer, and other financial metrics.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies such as Citicorp, Citicredit, and Finance Trust, with columns for stock price, bid, offer, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beverage companies such as Heineken, Carlsberg, and Heidsieck, with columns for stock price, bid, offer, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease, with columns for stock price, bid, offer, and other financial metrics.

BUILDING, TIMBER, ROADS Contd

Continuation of Building, Timber, Roads companies, including Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores companies, including Debenhams, Debenhams, and Debenhams.

ELECTRICALS

Table listing electrical companies such as British Telecom, British Telecom, and British Telecom, with columns for stock price, bid, offer, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store companies such as Debenhams, Debenhams, and Debenhams.

BUILDING, TIMBER, ROADS

Table listing building and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores companies, including Debenhams, Debenhams, and Debenhams.

ELECTRICALS

Table listing electrical companies such as British Telecom, British Telecom, and British Telecom.

DRAPERY AND STORES

Table listing drapery and store companies such as Debenhams, Debenhams, and Debenhams.

BUILDING, TIMBER, ROADS

Table listing building and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease.

ENGINEERING - Contd

Continuation of Engineering companies, including BAE Systems, BAE Systems, and BAE Systems.

ENGINEERING - Contd

Continuation of Engineering companies, including BAE Systems, BAE Systems, and BAE Systems.

FOOD, GROCERIES, ETC

Table listing food and grocery companies such as Asda, Asda, and Asda.

HOTELS AND CATERERS

Table listing hotel and catering companies such as Whitbread, Whitbread, and Whitbread.

INDUSTRIALS (Miscel.)

Table listing various industrial companies such as British Airways, British Airways, and British Airways.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrial (Miscel.) companies, including British Airways, British Airways, and British Airways.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrial (Miscel.) companies, including British Airways, British Airways, and British Airways.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrial (Miscel.) companies, including British Airways, British Airways, and British Airways.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrial (Miscel.) companies, including British Airways, British Airways, and British Airways.

INDUSTRIALS (Miscel.) - Contd

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Continuation of Industrial (Miscel.) companies, including British Airways, British Airways, and British Airways.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrial (Miscel.) companies, including British Airways, British Airways, and British Airways.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrial (Miscel.) companies, including British Airways, British Airways, and British Airways.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrial (Miscel.) companies, including British Airways, British Airways, and British Airways.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrial (Miscel.) companies, including British Airways, British Airways, and British Airways.

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LEISURE

Table of share prices for Leisure sector including companies like Leisure Group, Leisure World, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising sector including companies like Newsprint, etc.

TEXTILES - Contd

Table of share prices for Textiles sector including companies like Textile, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land sector including companies like Finance, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like Oil, Gas, etc.

MINES - Contd

Table of share prices for Mines sector including companies like Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades sector including companies like Motors, etc.

PROPERTY

Table of share prices for Property sector including companies like Property, etc.

TOBACCO

Table of share prices for Tobacco sector including companies like Tobacco, etc.

TRANSPORT

Table of share prices for Transport sector including companies like Transport, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Overseas, etc.

THIRD MARKET

Table of share prices for Third Market sector including companies like Third Market, etc.

COMMERCIAL VEHICLES

Table of share prices for Commercial Vehicles sector including companies like Commercial, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like Finance, etc.

INVESTMENT TRUSTS

Table of share prices for Investment Trusts sector including companies like Investment, etc.

FINANCE, LAND, ETC

Table of share prices for Finance, Land, Etc sector including companies like Finance, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations, etc.

MINES

Table of share prices for Mines sector including companies like Mines, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers sector including companies like Newspapers, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector including companies like Shoes, etc.

SOUTH AFRICANS

Table of share prices for South Africans sector including companies like South Africans, etc.

OIL AND GAS

Table of share prices for Oil and Gas sector including companies like Oil, Gas, etc.

DIAMOND AND PLATINUM

Table of share prices for Diamond and Platinum sector including companies like Diamond, etc.

REGIONAL & IRISH STOCKS

Table of share prices for Regional & Irish Stocks sector including companies like Regional, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, Advertising sector including companies like Paper, etc.

TEXTILES

Table of share prices for Textiles sector including companies like Textiles, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like Finance, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Overseas, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations, etc.

MINES

Table of share prices for Mines sector including companies like Mines, etc.

NOTES: Stock Exchange dealing classifications are indicated to the right. Unlisted values are shown in brackets. Dividends are in pence and denominated as 25p. Estimated price/earnings ratios and other ratios are based on latest available figures. Where possible, ratios are based on half-yearly figures. P/E ratios are calculated on a 'net' distribution basis, earnings per share calculated on the basis of the number of shares in issue. Dividends are based on 'interim' distributions, which comprise any dividend costs per share after taxation, excluding exceptional profits/losses but including estimated tax credits. Yields are based on the latest available figures, grossed up at 25p per cent and allow for the effect of dividend distribution and tax.

REGIONAL & IRISH STOCKS: A list of regional and Irish stocks with their respective prices and details.

TRADITIONAL OPTIONS: 3-month call rates for various sectors including Industrials, Property, and Oils.

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FINANCIAL TIMES

Weekend September 30/October 1 1989

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China reasserts right to station its troops in Hong Kong after 1997

By Robert Mauthner, Diplomatic Correspondent

BRITAIN AND China yesterday failed to resolve their differences over the future of Hong Kong, after Peking had reasserted its sovereign right to station troops there once Britain hands it back in 1997.

At a three-day meeting of the Anglo-Chinese Joint Liaison Group on Hong Kong in London, Ambassador Ke Zaishuo, the leader of the Chinese delegation, rejected British suggestions that China should make unilateral efforts to restore the confidence of Hong Kong's people, which was undermined by June's suppression of pro-democracy demonstrations in Peking.

Mr Ke also said China was unwilling to postpone the final adoption of Hong Kong's Basic Law, due to be promulgated next March, as the British delegation had suggested. London would have liked more time to discuss the contents of the Law, which will form the constitution of the special administrative region of Hong Kong.

Among the measures Britain suggested - at what Mr Robin McLaren, the leader of the British delegation, described as "an unusual, not to say exceptional meeting" - was an undertaking by China to leave the maintenance of public order in Hong Kong to the region's own police force, and to refrain from declaring martial law and stationing Chinese troops in the territory.

Mr Ke did not deny at a press conference after the meeting that there was a problem of confidence in Hong Kong. However, he said it was due mainly to distorted Western media reports of the events in Tiananmen Square and subversive elements in Hong Kong.

He also intimated that "the abnormal state of Sino-British relations," caused by Britain's decision to suspend the talks of the Joint Liaison Group for several months, was responsible for the atmosphere in Hong Kong.

Mr Ke was adamant on the question of the stationing of People's Liberation Army units in Hong Kong. The problem had already been dealt with in the Joint Anglo-Chinese Declaration of 1984 on Hong Kong. To station troops on its national territory was "a symbol of sovereignty and an internal affairs matter," Mr Ke said.

While both sides frankly admitted that they disagreed on many issues, officials underlined some positive results of the meeting, which will be followed by further talks of the group on December 5-8. A joint communiqué

stressed that Britain and China agreed that "the faithful implementation of the Sino-British Joint Declaration on the question of Hong Kong is vital for ensuring the maintenance of Hong Kong's long-term prosperity and stability."

(see page 12 for text) Mr Ke also emphasised repeatedly that China's policy of "one country, two systems" for Hong Kong remained unchanged and that it would honour all its commitments, which include notably its pledge to maintain the colony's capitalist system for 50 years.

The Foreign Office said Britain would upgrade its representation in Hong Kong this year. Mr Anthony Galsworthy, former head of the Hong Kong department, will become head of the British section of the Joint Liaison Group, based in the colony.

Moscow faces new wave of strikes

By Quentin Peel in Moscow

THE SOVIET authorities have launched an urgent campaign to head off the threat of a fresh wave of industrial unrest, which could disrupt essential food and fuel supplies as the Russian winter approaches.

The strikes have been threatened by the Soviet coal miners, if their demands for radical reforms of the industry are not met by Sunday, and latest reports suggest they could be joined by railway workers, plus drivers on the Moscow underground system.

Livestock, the government newspaper, warned yesterday that a state of emergency might have to be declared on the railways because of huge delays in unloading food and fuel supplies, caused by wildcat stoppages, inefficiency and the backlog of the miners' strike in July.

Details of the looming transport crisis were spelt out in the Supreme Soviet (the Parliament) this week, when deputies heard that the railways were operating 40m tonnes below their target for the first eight months of the year.

Hundreds of thousands of tonnes of rice, tea and coffee are still waiting to be unloaded in Soviet ports, and 350,000 tonnes of consumer goods are also blocked, the newspaper Sovetskaya Rossiya reported yesterday.

At the same time Moscow's underground could be brought to a standstill by drivers demanding their wages be doubled - to double 600 (2000) a month - to put them on a par with regular railway drivers.

Meanwhile, leaders of the miners' strike committee from the huge Donbas field in the Ukraine were summoned to Moscow on Wednesday for a meeting with Mr Lev Voronin, the deputy prime minister.

In spite of their strike threat, miners' leaders fear the threat of a simultaneous rail strike could undermine popular and official sympathy for their case.

Some believe the railway workers have even been deliberately encouraged by conservatives in the Soviet bureaucracy to provoke a confrontation.

The Soviet authorities could not tolerate a widespread rail strike on the eve of winter, with fuel desperately needed in remote settlements.

A rail stoppage would also rapidly starve any renewed miners' strike into submission, with many remote mining settlements in Siberia dependent on rail links for food supplies.

The first hint of a rail strike was made by Mr Mikhail Gorbachev during the miners' strike. He said the rail workers were threatening to walk out on August 1.

Although they did not, there has since been sporadic action with stoppages in Azerbaijan, Moldova, Ukraine and Lithuania.

Ferranti displays the damage

FT Index rose 9.5 to 1,895.7

It is a measure of Ferranti's pitiful condition that yesterday's holding statement was seemingly forced by the lack of £17,500. The amount was due to be paid as a preference dividend next Monday, but Ferranti's revenue reserves have apparently been wiped out, thus making any distribution unlawful.

The outlook for ordinary dividends is correspondingly dismal. The effect of the £17.5m net write-off is to produce a deficit on the parent company's distributable reserves of some £22m. Extrapolating last year's re-stated profits, the company could not fill the hole - and thus be in a position to pay a dividend again - until 1992. Any new equity raised will not, of course, be distributable, and the proceeds from disposals can only be paid out to the extent that they exceed book value. The chances of selling off ISC at a book profit cannot be great.

Not at least the pro-forma accounts bear out the company's contention that it is still operationally viable. Gearing may be up to 125 per cent, but the interest cover still looks to be around 1.7 times. On the other hand, the accounts show the monumental scale on which the company was deceiving itself. The write-off of stocks and debtors attributable to phantom contracts is almost 30 per cent of the balance sheet total, and of last year's operating profits, just over 50 per cent did not exist.

On this kind of showing, it is hard to see the institutions being dragged into a rights issue. Ferranti's target of at least £150m in equity amounts to 20p per share, compared to a suspension price of 73½p. The shares must surely open substantially lower than that next Tuesday; unless, that is, the market has convinced itself that a full takeover is on the way. That now seems the likeliest outcome. But it might be a mistake to be too hopeful on the price.

explain the excellent 24 per cent growth in profits at the group's five-star West End hotels.

Impressive, too, was the margin improvement at the chain catering operations, including Harvester and Little Chef, from 3.5 per cent in 1985 to 10.7 per cent now; and the fact that THF will soon have disposed of £130m of old Kennedy Brooks assets suggests its purchase of the group was a better deal than it first looked.

All that said, on nearly 13 times 1990 earnings - assuming pre-tax profits of about £267m - THF's shares are looking fairly valued; but the positive after-effects on market sentiment of Mount Charlotte's purchase of Thistle Hotels should prop them up.

OFT seeks laws to curb estate agents

By David Churchill

ROGUE estate agents who give a poor or misleading service to the public could face legal restrictions or even a statutory ban under proposals put forward yesterday by the Office of Fair Trading.

However, the OFT has, for the present, ruled out more radical measures such as licensing estate agents or insisting on minimum standards of competence.

The OFT's move follows widespread complaints about sharp practices by some estate agents, such as non-disclosure of personal interests and the bidding up of prices.

Sir Gordon Borrie, director general of fair trading, said yesterday that "the public and the image of the industry are suffering from the activities of a minority of estate agents."

He added: "The public has a right to protection from oppressive or improper behaviour by those who act as intermediaries in the process of buying and selling a house."

This view of estate agents was backed up by a Mori opinion poll earlier this week which showed that estate agents were considered by the public to be the most unpopular of all professional groups.

The OFT's proposals to give consumers greater protection were drawn up at the request of Mr Eric Forth, consumer affairs minister at the Department of Trade and Industry. He asked Sir Gordon to draw up a list of certain estate agency activities which were "undesirable" and which could be banned under the 1979 Estate Agents Act.

In particular, the OFT looked at the practice of apparently common in South Yorkshire - whereby sealed bids are made to estate agents. In some cases, the OFT found that estate agents informed "purchasers of totally fictitious higher offers" in order to push up prices.

Such "undesirable" practices in its opinion also include unfair or misleading contract terms and the practice of "tie-in" sales whereby purchasers are encouraged to buy other services.

All estate agents would be obliged by law not to carry out such practices and, if found to be doing so, would be warned and then face a ban.

The OFT view of "undesirable" practices was put forward in a consultation document yesterday. Comments are required by the end of the year and government action to give them the force of law is expected early in the New Year.

The document also sets out a voluntary code of practice for estate agents.

BAT fails to get bid timetable reinstated

By Nikki Tait

BAT INDUSTRIES, the tobacco-based conglomerate which is seeking a £12.5bn takeover bid from Sir James Goldsmith's Hoylake consortium, has failed to get the original bid timetable reinstated after a ruling by the Appeal Committee of the Takeover Panel, Britain's bid watchdog.

As a result, Hoylake yesterday formally lapsed its all-paper bid for BAT, having claimed control of just 2.3 per cent of BAT. The consortium is now free to seek certain essential US regulatory consents, and, if and when such consents are secured, can rebid for BAT within 21 days. Normally a bidder would have to wait 12 months.

In spite of the restructuring plan put forward by BAT itself earlier this week, Hoylake is still suggesting that it intends to go ahead with the US procedures. It needs consents from nine state insurance commissioners for a change of ownership of Farmers Group, BAT's US insurance subsidiary.

Indications in the Hoylake camp yesterday were that the consortium is inclined to drop certain federal suits which it has brought against the US state commissioners - a move which Axa-Midi, the French insurance group which has been lined up as the buyer of Farmers if a Hoylake bid is successful, has been urging. However, the position is still being assessed.

The Appeal Committee, which met on Wednesday under the chairmanship of Lord Roskill, upheld the original Panel ruling which allows Hoylake this unprecedented variation in the timetable.

Like the Panel, the committee decided that "the single most important issue" was whether "the interest of BAT shareholders required that they should have the chance of considering an offer from Hoy-

ESTIMATES OF BAT BID'S VALUE

Stockbroker	Estimated value of proposals (per share)
County NatWest	810p
Hoare Govett	820p
Kleinwort Benson	850p
Nomura Research	820p
Phillips & Drew	850p
Robert Fleming	830p

† pre-share buyback # base forecast only

lake free from regulatory consents and within the Code timetable."

BAT is pressing ahead with restructuring plans, which involve slimming the business to financial services and tobacco via a series of disposals and demergers of its paper, retail and some miscellaneous interests. A round of institutional visits begins next week, ahead of the shareholder meeting on October 19.

Meanwhile, City analysts have started to form more considered views on what these proposals are worth in terms of the BAT share price. The table gives the estimates of six firms, independent of both BAT and Hoylake and picked at random.

Many analysts point out that these estimates are very sensitive to a number of assumptions - including the speed and net amount raised via disposals, the ratings assumed for both the demerged paper businesses and Argos, BAT's UK retail subsidiary, and the multiple attached to the ongoing BAT business.

Most forecasts also do not make any allowance for the potential share buy-back programme, Hoare Govett reckons that this would raise its 882p estimate to well over 900p.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)		PARIS (FFrs)	
Heidelberg	1215 + 58	Evor	1780 + 98
Porsche	880 + 22	Valeo	497 + 15
Springer	590 + 10	BIC	785 + 20
Alcatel	423 - 14	Cotevint	867 - 13
Hoesch	258 - 6.5	Printemps	832 - 18
Rosier	380 - 3	Valeo	872 - 20
NEW YORK (\$)		TOKYO (Yen)	
Bristol-Myers	53 + 1/2	Delchi Cement	2100 + 250
Coca-Cola	42 1/4 + 1/2	Nippon Koppo	1500 + 180
Phillip Morris	188 1/4 + 1 1/4	Sony Chem	2650 + 500
Falls	2200 + 300	Toho Plc	2200 + 300
Harcourt Brace	12 1/2 + 1/2	Kawasumi Metal	1060 - 120
McDonalds	75 1/2 + 3/4	Tokai Flour	1110 - 170
Merc	75 1/2 + 3/4		

New York prices at 12.30.

LONDON (Pence)

ASDA Grp	185 1/2 + 7 1/2	RHM	457 + 9
Airtel Elect	92 1/4 + 1 1/4	Redland	1115 + 27
Brit. Aero	647 + 18	Sir LEO	604 + 15
Caradon	474 + 14	Wellecome	604 + 15
GKN	438 + 7	Wool	84 - 10
Harvester Shd.	710 + 7	Kowill Systems	380 - 10
ICI	1234 + 15	Menzies (L)	410 - 14
Lon. & Man.	307 + 7	Reidmex	930 - 9
Lucas Inds.	890 + 7	Tunstall Grp	235 - 32
Pearl Grp.	652 + 44	Ulster	485 - 8

WORLDWIDE WEATHER

City	Yr	Mo	Wk	Yr	Mo	Wk	Yr	Mo	Wk
Algeria	22	22	22	22	22	22	22	22	22
Alexandria	22	22	22	22	22	22	22	22	22
Amman	22	22	22	22	22	22	22	22	22
Ankara	22	22	22	22	22	22	22	22	22
Antwerp	22	22	22	22	22	22	22	22	22
Athens	22	22	22	22	22	22	22	22	22
Bahia	22	22	22	22	22	22	22	22	22
Bangkok	22	22	22	22	22	22	22	22	22
Batavia	22	22	22	22	22	22	22	22	22
Bombay	22	22	22	22	22	22	22	22	22
Buenos Aires	22	22	22	22	22	22	22	22	22
Calcutta	22	22	22	22	22	22	22	22	22
Canton	22	22	22	22	22	22	22	22	22
Cebu	22	22	22	22	22	22	22	22	22
Colon	22	22	22	22	22	22	22	22	22
Hankow	22	22	22	22	22	22	22	22	22
Hong Kong	22	22	22	22	22	22	22	22	22
Kobe	22	22	22	22	22	22	22	22	22
London	22	22	22	22	22	22	22	22	22
Lyons	22	22	22	22	22	22	22	22	22
Manila	22	22	22	22	22	22	22	22	22
Medan	22	22	22	22	22	22	22	22	22
Osaka	22	22	22	22	22	22	22	22	22
Paris	22	22	22	22	22	22	22	22	22
Rangoon	22	22	22	22	22	22	22	22	22
San Francisco	22	22	22	22	22	22	22	22	22
Singapore	22	22	22	22	22	22	22	22	22
Sourabaya	22	22	22	22	22	22	22	22	22
Tientsin	22	22	22	22	22	22	22	22	22
Yokohama	22	22	22	22	22	22	22	22	22

Electricity delay Continued from Page 1

the market in the first half of 1991."

Precise timings for this and the flotation of the two Scottish utilities were still to be decided.

Electricity analysts believe that even this timetable would be difficult if there were serious snags in negotiating the contracts and if the proposed power trading system failed to make a smooth start.

Under the deal, agreed this week, the 12 distribution companies will keep most of their regional monopolies for the first four years, with full competition becoming possible only after eight years.

In approving it on Thursday, the Cabinet accepted the argument of the existing utilities that they needed a "soft landing" after quitting the monopoly system in which they have operated throughout their existence.

At the same time, the Secretary of State has retained powers to waive these rules to deal with what officials call "anomalies and special cases." Such powers would presumably be employed if the rules were successfully challenged by the Monopolies and Mergers Commission.

Otherwise, in the first four years, National Power and PowerGen, the two generators, will be allowed to sell directly to only 15 per cent of each regional market, and sites consuming less than one Megawatt (1,000 kW) will remain captives of the area distribution company.

In the second four years, some 25 per cent of the area

Telephone banking Continued from Page 1

board's markets will be open for competition with only customers requiring less than 0.1 Mw (100kW) remaining officially captive to the distribution companies.

Thereafter, there will be no restriction on competition for customers.

Over the next few months, the area boards and their successors will sign contracts for the lifetime of 8-8.5 GigaWatts of nuclear plants.

They will also conclude four to eight-year contracts for 12 GigaWatts of fossil-fired stations.

The length of the main power contracts will also give a similar degree of security to British Coal, worried about the effects of an abrupt switch to imported coal or oil by the generating companies.

their bank as little as possible.

Mr Michael Harris, Firstdirect chief executive, refused to give overall start-up costs in case this helped competitors who, he was sure, would have to follow Midland into telephone-based banking. It seems likely, however, that the computer system alone must have cost about £3m.

Competitors were cautious about commenting on the initiative before seeing it in action. Barclays, however, said it believed face-to-face contact was essential to a personal banking service.

Datapoint said yesterday it was discussing telephone-based systems with other financial institutions.

Debt markets

While money market rates hover five-eighths of a point above base rates, as they did last night, Mr Lawson's job is going to be difficult. The Bank of England was forced to take the rare step of pulling yesterday's £700m Treasury Bill tender because it could only have sold bills at a price that would have signalled a one per cent rise in base rates, a move it had ruled out at lunchtime. By the time of next week's tender, either the market or the Bank will have had to change its mind.

In contrast, yesterday's reverse gilt auction worked almost too smoothly - £1.2bn of stock was tendered compared with the £400m the Bank was ready to buy. Given the depressed state of gilt prices after the travails of the week, the level of oversubscription appears to indicate how eager market makers are to sell. The narrow range of bids also indicated just how efficiently the gilt market is working so efficiently, perhaps, that no-one is making any money from trading.

Both money and gilt markets are waiting to see which way the Bundesbank jumps. A mere half-point rise in German rates could actually relieve the pressure on Mr Lawson, given that investors already seem to be discounting a full point rise. On the other hand, if the Bundesbank does increase rates by one point, gloomy voices are already suggesting that the Chancellor will need to raise base rates by as much as two points in order to show his counter-inflationary determination.

Equities

The London market behaved a touch perversely yesterday, gaining throughout the day as sterling weakened. But there was a sense of danger averted, at least for the moment. Mr Lawson has evidently prevailed upon his 67 partners if not to help sterling, at least to stop harming it in their assault on the dollar; hence the surprising spectacle of the Bank of Japan selling dollars for sterling.

There is a growing body of contrary opinion which says

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Weekend FT

SECTION II

Weekend September 30/October 1, 1989

Treading the German tightrope

OF COURSE there are some people in Britain, or elsewhere, who say "Why German re-unification? Surely it is safer and wiser to keep Germany divided." One answer is that, at the end of the war, the Western powers undertook, along with Soviet Russia, to re-unite Germany. Second, Britain and Germany are allies in Nato. The Germans would regard it a betrayal of the alliance if Britain and the other Western powers were to accept the division of Germany as permanent. This would gravely weaken the alliance.

For 40 years, both the Bonn government and the Western countries which helped to conquer Germany in 1945 have consistently proclaimed the sanctity of bringing together the divided nation's two halves. As the result of the Cold War cleavage of Europe, and the subsequent lack of a German peace settlement, the victors - the US, Soviet Union, Britain and France - still have responsibility for matters relating to "Germany as a whole" (within its borders of 1937).

Two generations after Hitler, the dramatic pace of events in eastern Europe has transferred German re-unification into the realm of possibility. Surprises, both good and bad, cannot be ruled out. But the future factors which German unity could be regarded as feasible has suddenly shrunk from a matter of decades to perhaps only 10 or 15 years.

This is a message of hope. But the apparent crumbling of the post-war order also brings a test of the Western allies' resolve and foresight towards a country which, if re-united, would lay claim to being the world's second economic power. It is not an exaggeration to say that the West is playing for the highest of stakes - Germany's soul.

There are two cardinal errors which the West must avoid. The first would be to give the impression that post-war pledges on German re-unification were insincere, mere lip service made at times - such as 1945, a year after the Berlin Wall was built - when the goal was impossible, to be withdrawn when it starts to come at last into sight.

The second mistake would be to pretend that bringing together the two halves again will be easy. Recent assertions by Vernon Walters, the US ambassador to Bonn, that he could imagine German re-unification "in the next future" seem either quibbling or muddled. In addition, President Bush's statement, at a Press conference on September 18, that re-unification is a matter for East and West Germany to decide, looks like an effort to sidestep the allies' own responsibilities.

The post-war cleavage of Germany came not from any clear policy by the victors but, rather, as a result of the absence of

one as the anti-Hitler coalition split. The West must be mindful of this lesson, but should also be fortified by the knowledge that the Federal Republic's stabilisation and western integration has been one of the great successes of European history. To carry the story forward, Washington, Paris and London need to show clarity and cohesion - as well as imagination.

The paralysis of East Germany's leadership, and the hemorrhage this year of more than 100,000 of its people to West Germany, underline the lack of basic legitimacy in East Berlin, and the risk of a power vacuum in central Europe. Twenty per cent of East Germany's 1949 population has fled to the West over the past four decades - ironically, one of the reasons why family links between the two states are still so strong.

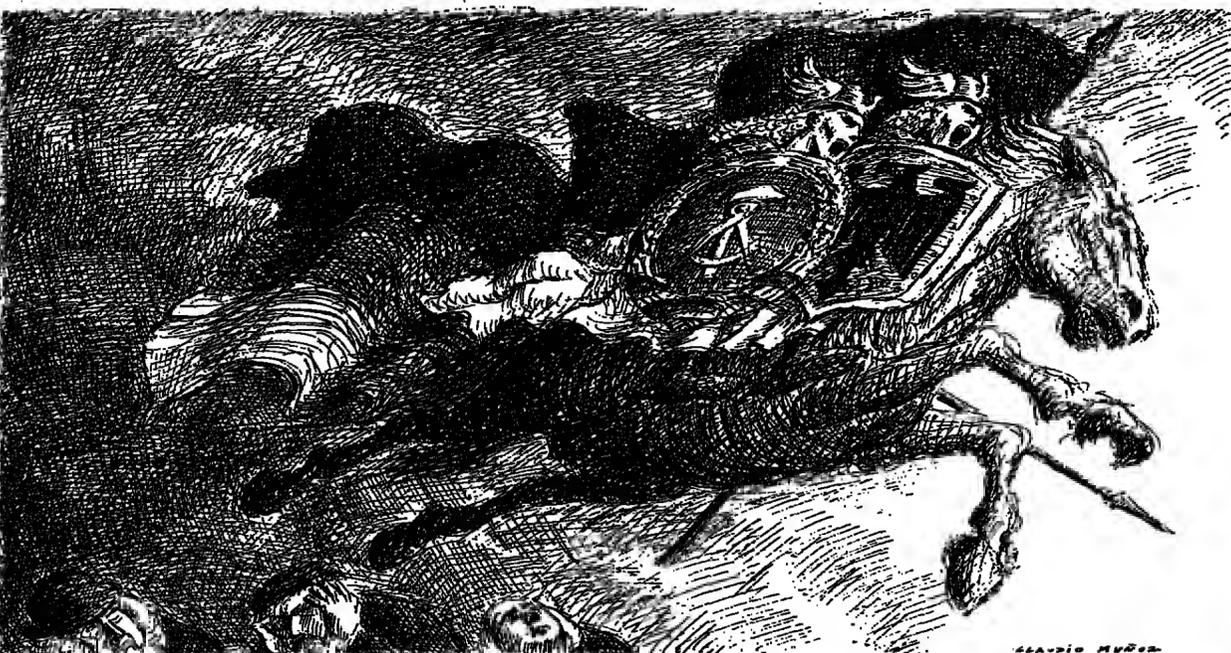
In the wake of this month's exodus of more than 20,000 East Germans via Hungary, the collapse of the East German state might seem an attractive prospect. Erich Honecker, the 77-year-old East German leader, this week made his first public appearance after a long absence through illness. His difficulties are crowding in from all sides. But the West must guard against Schadenfreude.

As a means of strengthening their hold, both the present gerontocracy in charge in East Berlin, and those waiting to take over when Honecker departs, are banking on a failure of (or, at least, severe setbacks for) Mikhail Gorbachev's reforms. The East Berlin government is also counting on the reluctance of the West to countenance abrupt change in the central European status quo - a reluctance, of course, which is also discreetly shared by Bonn.

There is a cunning undertone in recent East Berlin government statements hinting that, ugly though it might be, East Germany is the keystone in the post-war European mosaic. The implication - something which Paris, above all, can understand - is that if the stone slipped or were removed altogether, the European power balance would inevitably be disturbed.

In present circumstances, implosion or explosion of the East German state would be likely to incite a crackdown to reimpose communist "discipline," perhaps backed by Soviet military intervention. This would set back, rather than promote, re-unification chances. In fact, a genuine crisis in East Berlin - a repeat of the soon-crushed revolt of 1963, for instance - might be just what the hard-liners want to provoke. The delicate task for the West is to find operational policy steps which set out ways of turning the long-term vision of German unity into practicable reality, but which avoid the illusion that it can all be achieved overnight.

It could be time, for instance, for Western governments, in partnership with Bonn, to think about drafting a democratic all-German constitution, federal in charac-



ter (in line with West Germany's 1949 Grundgesetz). This would encompass a path towards elections in the two German states - an idea last thought about in the 1950s. In the German confederation which might result from such a process, East Germany would be orientated towards the West but would be granted an important degree of self-government - at least for a transitional period of, say, 10 years.

Suggestions along these lines have already been outlined by some of Chancellor Helmut Kohl's policy advisers. But a lot more hard thinking is needed. One day, a four-power conference on unifying Germany will not appear a remote possibility;

and the West should be prepared. The reward for Europe would be great: the bringing of democratic values to the part of Germany up to now denied them. But unless the West succeeds in filling the rhetorical re-unification gap with concrete policies, there is also danger that German frustration over partition, on both Left and Right, could bubble to the surface. If it miscalculates, the West could lose a significant amount of influence over events in central Europe. And, for reasons of sheer geography, the European power of the Soviet Union would be enhanced.

Kohl proclaimed last month that the "German Question" was back on the international political agenda. Answering it, however, has not so far attracted sufficient attention. West Germany's 1949 constitution lays down as its highest political goal the attainment of "state unity." The Rela-

tions Treaty (Deutschlandvertrag) of 1955, which was signed by the US, Britain, France and the Federal Republic and allowed the latter's entry into Nato, pledges "a common aim of a re-united Germany enjoying a liberal-democratic constitution like the Federal Republic and integrated within the European Community."

The standpoint was repeated by the signatories on the treaty's 25th anniversary in 1980. It is also worth recalling that the first constitution of the East German state proclaimed Germany "an indivisible democratic republic"; East German references to German unity were dropped only after

views on re-unification beyond his usual slogans, the Chancellor shows that he has not gone very far towards thinking out the problem. Also conspicuous are the gaps in the arguments of Hans-Dietrich Genscher, the Foreign Minister, himself a former émigré from East Germany and the heir to Brandt's policies of building bridges with eastern Europe. Genscher often reverts to phrases such as "the more European our policies, the more national they will be" to underline that he wants the unity of Germany in the context of an overall ending of European division - "a European peace order." Both he and Kohl permanently assure foreign allies that there will be no neutralist go-it-alone German Sonderweg (special path) to seek unity at the price of a weakening of Bonn's Western ties.

This is all very welcome to hear. But for cultural, historical and economic reasons, the pressures for some form of unity between East and West Germany are inevitably greater than, say, between France and Poland. As Genscher said this week, the existence of one German nation is one of the realities of Europe: "There is neither a capitalist nor a socialist German nation." This seems to suggest that, whether Genscher likes it or not, German unity will be on the agenda before European unity.

In preparing for this, Bonn and the West have to take account of some uncomfortable German realities. Because the very existence of the East German state (unlike Poland or Hungary) rests on the espousal of Marxist-Leninism, East Germany is not readily susceptible to an infusion of popular democracy and free market principles.

David Marsh argues that if the division of Germany is to end, superpower détente must continue and political reform and western economic aid are needed in the east

The Long View

How the Wild West was financed

SHOCK HORROR figures, such as those we had for the August current account deficit this week, make for dramatic headlines but, nowadays, the consequences can take a surprisingly long time to be felt.

It was not always so. We are about to be reminded of the bad old days of instant over-reactions with the Sunday paper serialisation of Denis Healey's memoirs including, it is promised, a blow-by-blow account of the events of 1976. A high point, presumably, will be the VIP lounge story of his famous and dramatic dash back from Heathrow when on route to the IMF conference.

This week, the trade returns and the accompanying sterling mini-crisis were bad enough to dent Chancellor Nigel Lawson's international image - there did not seem to be quite so much feigning of the Americans or the Germans this year - but not so bad as sending him back to Whitehall. Of course, if Denis Healey had enjoyed the benefits of fax machines and mobile phones 12 years ago perhaps he could have boarded the plane.

Like other commentators, I got quite excited a year ago when the full extent of the deterioration in Britain's current account was becoming evident. The deficit was £13.6bn in 1988 and it has been £13.9bn for the first eight months of 1989, suggesting that the annual total could be £20bn.



We should learn from how capital markets worked 100 years ago, Nigel Lawson said this week. But he faces a very up-to-date crisis

popular newspaper headlines concentrate on their plight. But there are signs that people at large are getting used to coping with high interest rates. Bank lending has been rising as fast as ever in the past few months, reaching £6.4bn in August. Personal borrowing might have slackened a little

but business borrowing has picked up: companies apparently are happy to borrow in what they see as a weak currency, given that they are still very profitable and the interest payments are tax-deductible.

With the further deterioration in the balance of payments - visible imports are now 30 per cent higher in value than exports - the risk premium demanded by foreigners (or Britons, for that matter) for holding sterling is going up. At the moment, holders of short-term sterling are covered by their interest rates differential against a decline in the exchange rate to DM2.85 over the next year. But a sudden and sharp decline is more likely than a gradual and protracted fall.

The Government's immediate concern has been to keep sterling relatively high in order to restrain inflation. That is inevitably an industry-bashing policy, which is quite inappropriate for an economy where a massive shift into exports is required. Nevertheless, Lawson has hoped that supply side policies, which have led to greater profitability and investment, would enable the UK to trade its way out of its deficit. Unfortunately, the deficit is getting worse, not better, and the eventual policy changes will have to be tougher and more damaging the longer they are postponed.

Meanwhile, the level of sterling interest rates depends increasingly upon the whims of foreign creditors.

How long will it take, though? Is it conceivable that the show could be kept on the road until a general election in, say, June 1991? That might indeed have to be Lawson's strategy, and he backed it up this week in Washington by harking back to a period 100 years ago when, he said, persistent national surpluses and deficits were also characteristic of a period of unfettered international capital markets.

On that view, the necessity of countries to respond Healey-like to short-term imbalances has been a temporary feature of the rigid and controlled capital markets which have existed since the Second World War, and which have prevented savings from flowing across borders on a long-term basis.

But whereas foreign investment in the infrastructure of the 19th century United States might be one thing, financing the imported car requirements of late-20th century Britain looks to be quite another. It is all very well if countries use the availability of seemingly unlimited credit to buy time for radical adjustment. But what if they simply decide to postpone the evil day?

One day, perhaps in another 13 years, Nigel Lawson might be writing his own memoirs. He will not have to describe a dash back from the airport. But he could yet have to say something about a U-turn of another kind.

GUINNESS FLIGHT

MANAGED CURRENCY FUND

STERLING'S PREDICAMENT IS YOUR OPPORTUNITY

The Government trade figures published this week revealed a £2 billion deficit - again. Inflation in the UK is higher than in Italy. The Labour Party has been consistently ahead of the Conservatives in the opinion polls.

High interest rates have protected Sterling from the consequences of all this bad news. But now rates have crept up elsewhere in the world, narrowing the gap and eroding their protective effect. The foreign exchange market is losing patience with the UK economy.

For the past 9 years, Guinness Flight's Managed Currency Fund has been invested in a mix of the world's major currencies. And due to the fund's size, we earn wholesale rates of interest on our deposits in the various currencies.

At Guinness Flight we have proved ourselves adept at investing in the currency markets and

become acknowledged leaders in the field. Right now, our experience of exchange rate movements points to an imminent Sterling crisis.

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Diversions: Get ahead, get a haircut	XVI	Sport: Baseball and boxing	XX	Religion: XLII	How To Spend It	XVI	London	II	
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Trends and Motoring this week appear on pages 6 and 7 of the first section.

MARKETS

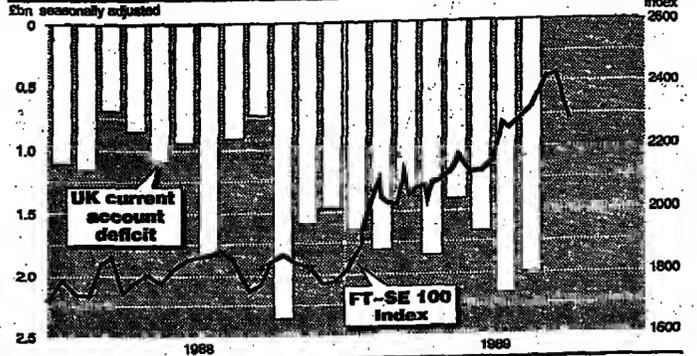
LONDON

Sharp and sad end to a summer holiday

THERE MAY WELL be investors who went on holiday at the end of last week...

Hard on the heels of the deficit came worries about currency - particularly the level of sterling against the DM...

If the pound were to fall below DM3, the Chancellor would be forced to act...



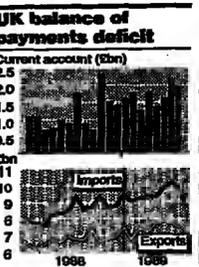
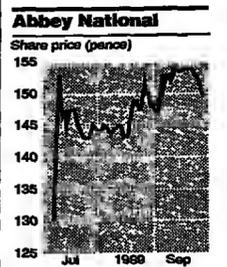
FINANCE & THE FAMILY: THIS WEEK

The new buzzword from Brussels Barry Riley reports on units - a new investment fund to be marketed throughout the European Community.

An option worth considering Company share option schemes are growing in popularity.

Minding your own business Roy Hodeson reports on two entrepreneurs who are selling peculiarly British styles and services to a wider European market.

BRIEFCASE: Problems with trees: Page VI



Mixed picture for Abbey National

Abbey National's share price has, until recently, proved something of a disappointment to investors.

Current account deficit hits £2bn Britain's current account deficit reached £2bn in August.

Share bonus for TSB stalwarts Investors in TSB who have retained their shares since the group's flotation three years ago will receive their reward.

Sales of PEPs rise sharply Sales of personal equity plans (PEPs) have risen strongly since the changes to the scheme announced in this year's Budget.

Correction The headline on an article about Sun Life's dividend policy, published on this page last Saturday, referred incorrectly to Sun Alliance.

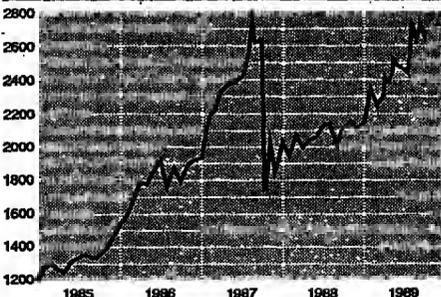
HIGHLIGHTS OF THE WEEK

Table with columns: Price, Change, 1989 High, 1989 Low, and notes for various stocks like FT-SE 100 Index, Anglo Saxon Homes, etc.

WALL STREET

Fickle followers of fashion

Dow Jones Industrial Averages



IBM noted that the shortfall could be attributed to three factors whose long-term significance might well be neutral or even positive.

Correction The headline on an article about Sun Life's dividend policy, published on this page last Saturday, referred incorrectly to Sun Alliance.

Analysts will be looking to the Far East when Guinness reports interim results on Thursday.

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The Week Ahead Looking good for Guinness

Guinness moved for Flinn after his bid to acquire Babcock's roofing business was defeated by Tesco last November.

BAT proposes to demerge its papermaking activities and the Argus retail business to form two new quoted companies.

British Airways launched its well-signalled £200m issue of convertible capital bonds on Tuesday.

ons' also warned that the UK market for consumer electronics had weakened still further since the group announced annual profits down 24 per cent.

Analysts will be looking to the Far East when Guinness reports interim results on Thursday.

JUNIOR MARKETS

Green is GO!

Industrial issues, particularly in the computer sector - even though IBM's long-term decline as the dominant company in the worldwide computer business is bound to be mirrored by the rise of rivals such as Digital Equipment, Compaq and Apple.

THE SOUND of supermarkets beating the environmental drum on Thursday's Green Shopping Day was evidence that further evidence was needed that the market is in the 'colour of money' in 1989.

rol pollutes the atmosphere. Whatever the strength of these companies' green credentials they are, in themselves, no guarantee of success for the investor.

ANATOLE KALETSKY

Vanessa Houlder

FINANCE & THE FAMILY

Barry Riley reports on the launch of a new kind of investment fund in the European Community

Ucits - the latest buzzword from Brussels

DON'T ALL rush at once, but now, for the very first time, you can invest in a ucits by courtesy of your friendly Brussels commissioner. A ucits is a kind of Euro-investment fund, set up to comply with special conditions so that it can be marketed throughout the European Community. The Ucits Directive was agreed by member states back in 1985, but it only comes into force tomorrow. Even so, a number of countries have failed to enact proper legislation in time, though the UK is all ready to go.



have their legislation ready. The immediate effect upon British fund management groups has been to initiate a minor rush to set up operations in Luxembourg, which has a very favourable tax regime for investment funds and is regarded as an attractive neutral base from which to sell into countries such as France and Italy. Groups like Robert Fleming, Foreign & Colonial, Ivory & Sime and Wardley are all attacking the ucits market out of Luxembourg, and Fidelity has announced a major expansion into ucits for the first half of next year.

Ucits is singular, not plural, and in full Eurogobbledygook stands for Undertaking for Collective Investment in Transferable Securities. If you think the word is difficult, have pity on the French, who must twist their tongues over *un* OPCVM.

mail and sales networks just like domestic units, whereas many foreign and offshore funds are only available through professional advisers. But foreign ucits are getting off to a slow start. The SIB charges £1,000 down and £1,000 a year to foreign ucits, and so far it has only recognised 15 funds from Luxembourg which were already accepted under a temporary agreement with the grand duchy. One reason is that several countries do not

held the underlying securities directly. The unit trust managers are therefore hoping that they will get a better tax deal so that their units can be sold on the Continent without the necessity to clone the funds in Luxembourg. Moreover there are technical and legal differences between unit trusts and Continental funds, which are structured differently. There could be pressure to legislate in Britain for open-ended investment companies, which are already common in the Channel Islands. The Ucits Directive could therefore usher in a dose of international competition which over a few years might make quite a difference to the shape of the unit trust business in the UK.

Most of the ucits on sale in Britain are going to be plain old unit trusts. The Securities and Investments Board, the regulatory body which will issue ucits certificates, is expecting something like 400 applications. About half the unit trust management companies in the UK have replied to a preliminary letter from the SIB. The certificates will not cost

HAMBROS IS setting up a special offshore inquiry desk in Guernsey (0481-265211) following the launch this weekend of its Equus "umbrella" fund, which is recognised by the Securities and Investment Board and can therefore be sold direct to UK investors. The "umbrella" fund has nine sub-funds, including eight with an established track record. Four existing Hong Kong based funds will be re-domiciled in Guernsey, although the fund managers and administration will stay in Hong Kong.

is £500. As with the other Prestige funds, there is a hefty annual management fee of 1.9 per cent, but the initial charge of 5 per cent is negotiable with authorised financial advisers. Providence Capital is launching a Thailand Trust too to add to its range of specialist funds. It will invest 60 per cent of the fund in over 30 companies direct and put the remainder in three or four Thai investment trusts, quoted on other approved markets. The initial charge is a low 4.76 per cent of the offer price but the annual management fee is 1.5 per cent. The minimum investment is £500.

'Umbrella' goes up

available to UK investors for the first time. Minimum investment is £2,000 per fund. Following the announcement by the Department of Trade and Industry that Thailand is now an approved market for UK authorised unit trusts, two new funds are planned. First past the post is Royal Trust, which has added Prestige Thai Portfolio as a sub-fund to its omnibus umbrella fund. During the launch period until October 15, when units will be offered at 50p each, there are bonus allocations of 1 per cent for investments up to £9,999 and 2 per cent above £10,000. Minimum investment

A cap and collar on home loans

WITH EXCELLENT timing in view of the uncertainty about interest rates, mortgage broker John Charrol has reintroduced the "cap and collar" loan, where the rate of interest moves within specified floor and ceiling levels. Ian Darby, the marketing director, says it provides an attractive alternative to fixed-rate mortgages since it allows borrowers to benefit from any downward move in interest rates while setting a top limit. The interest rate band has been set between a ceiling of 13.5 per cent and a floor of 10.5 per cent. It varies during the four-year period of the loan in accordance with the standard rate charged by the lender, First Mortgage Securities, which in turn is adjusted in line with the general trend in mortgage rates. The present standard rate is 13.5 at the top of the band but 5 per cent can be deferred for two years, although this is added to the capital sum outstanding. Darby points out that, during the past five years, standard mortgage rates have been below 10.5 per cent for only nine

Halifax falls in line

months and at no time moved below 9.75. If mortgage rates do fall substantially and you decide to abandon the cap and collar loan before the four-year period is up, you face paying early redemption penalties. These are based on a complicated formula calculated on the number of years, the sum involved, and the rate of interest at the time. But a noticeable feature is that instead of buying the "cap" limit by paying a premium equivalent to one or three months' interest, there is simply an initial setting-up charge of £150. Meanwhile, National Home Loans has introduced a fixed-rate mortgage with a difference. It runs for over three years; but during the first year until September 1990, the interest rate is fixed at 11.75 per cent. It then rises to 12.95 from October 1990 to March 1993. In addition, you can defer 3 per cent of the interest for the first three years, reducing the initial rate for 12 months to only 8.75 per cent, and you can cut payments even further by using a scheme called Budget Facility under which

Halifax falls in line

Maxim. It is not for everyone; customers will be credit scored and need good credit references to get it. A Maxim account does not confer membership of the society, so anyone wishing to gain from the society's eventual (and expected) flotation should remember this. Account holders will receive

Yes, it's all in this new Guide to Savings for Non-Taxpayers.

There will be an overdraft available at a not very generous rate of 1.9 per cent a month, and a home banking facility using a telephone and a key pad which can be used for much the same sorts of things as can be done through the Halifax Cashcard ATMs - statement requests, balance enquiries, bill payments, and fund transfers between accounts. David Barchard

If you're a non-taxpayer, or think you might be one, you'll find our new updated Guide to Savings for Non-Taxpayers very useful. It's easy to understand and it tells you why National Savings is the best place for your savings if you're a non-taxpayer. Remember, your local bank or building society has to take tax off the interest on your savings, even if you are a non-taxpayer. And even non-taxpayers can't claim it back. But National Savings Investment Accounts, Income Bonds and Capital Bonds don't take tax off the interest. So though the interest is taxable you'd keep the lot if you're a non-taxpayer. Ring us on 0253 793090, during office hours, and we'll send you your free copy. If you're a non-taxpayer, you'll soon see how National Savings can help you make the most of your savings.

Advertisement for National Savings featuring a cartoon illustration of a man and a woman. The man is saying, "Gran, did you realise we don't have to pay tax on our savings?" The woman is holding a magnifying glass over the man's face. Text includes: "Yes, it's all in this new Guide to Savings for Non-Taxpayers." and "THE SAVINGS SPECIALISTS".

Table with columns: Company, Year, Pre-tax profit, Earnings per share, Dividends per share. Includes companies like Bailey Ben Corp, Balfour Beatty, etc.

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FINANCE & THE FAMILY

THE BALLROOM of London's Park Lane Hotel was packed on Tuesday for the third BEST Business Expansion Scheme Awards. I asked one guest - a venture capitalist - why he was there. "Oh, we don't touch BES investments," he replied. "But there are lots of companies around looking for an exit route and those are the ones we're interested in."



Does anyone know the way out?

This may reassure potential investors debating whether to put some money into a scheme before October 5, the latest date for carrying back tax relief for the 1988-89 tax year. It is still possible to carry back relief of up to £5,000 for the last financial year if investors haven't used up their annual limit of £40,000.

The question of what happens when you want to sell is becoming increasingly pressing as a number of the early schemes reach maturity - since only a few have yet offered exit routes to investors wishing to take their profits.

Such gloomy thoughts were not on people's minds as Peter Lilley, Financial Secretary to the Treasury, presented the awards for 1988-89.

Alan Paul, the hairdressing company, was the joint winner of the BES Company of the Year Award. It raised £400,000 via the BES in 1987. Originally started in 1970, it now has 110 outlets and has been floated on the Unlisted Securities Market. The award was shared with Graham Wood, the holding company for six steel construction businesses. It originally raised money under BES in April 1984 obtaining a full listing in February this year. Its share price is almost ten times the value of the original BES shares in 1984.

Among the new offers over the past year, the best non-assured tenancy issue was deemed to be Britannia Marine, which owns and operates safety vessels servicing the offshore oil and gas industries. The runner up was Chairpower Products, manufacturers and investors of an exceptionally well designed wheelchair.

The best assured tenancy BES was judged to be Norcix Homes, the first assured tenancy issue launched based on the Glasgow area. Kerrington Developments was commended. Predictably, Johnson Fry were the sponsors who raised most money during the year - a total of £97m.

Judging from Peter Lilley's speech, the Government is pretty satisfied with the way the scheme is working and is not going to alter it. Amid some heckling, Lilley said that the £500,000 limit for others,

other than assured tenancies and shipping, was working well. He claimed that as much was being raised for smaller companies under the scheme as before the limit was reduced.

The last tax year was exceptional for the BES industry which raised more than £280m but the manager of one fund currently seeking capital said it was harder going than this time last year.

Why investors should be more cautious is unclear; perhaps they have used their £40,000 allowances, or are tired of new issues, or they are simply waiting until the last minute. Incidentally, delaying until the last minute can be

dangerous as cheques may take too long to clear. Nevertheless, there is still plenty to choose from among offers open now. Those not covered previously in the Financial Times include the following:

Heather Farmbrough wonders what happens when BES investors decide to take their profits

Manchestrer Village Homes sponsored by Neill Clarke (041-332-2055) is an assured tenancy offer raising up to £2m for properties in the south Manchester area. The directors have good experience in the local housing market. This scheme includes the design and build idea, where the company intends to design and build some of its houses, thus "saving" the normal costs incurred in purchasing properties directly from a developer. The minimum individual sub-

scription is £1,000 and the closing date is October 5. Airways Homes Assured Tenancies is seeking £5m to provide rented accommodation, principally to British Airways employees at Heathrow. It might not be the quietest part of the country to live, but there is a considerable need for temporary and permanent rented accommodation from airline staff. The properties will be managed by the Airways Housing Trust, which has been developing and managing homes since 1987. The scheme is marketed by MMI (01 242 0171), the minimum investment is £1,000 and the offer closes on October 24.

Nomad Properties is making

its second offer under BES and hoping to raise £5m to let assured tenancies in the north east. The first issue raised £1.7m. According to the Halifax Building Society, house prices in the north caught up with the rest of the country to some extent last year rising 33.1 per cent over the 12 months to June 1988. Directors say there is room for prices to go higher with plenty of new business in the area and the successful Metro centre, Europe's largest shopping centre, nearby in Gateshead. The company's first scheme is doing well with plenty of completed applications from tenants. The minimum subscription is 800 shares at £1.15 each. The offer closes on Octo-

ber 31 and is sponsored by Wise Speke (tel. 091-361-1266). Northumbria Housing, sponsored by Chonlarton (01-283-7871) is also looking to let properties in the north east. It intends to acquire houses ranging from unmodernised or derelict homes to rundown rural properties. Beckett's Homes - the company of which Northumbria's chairman is managing director - will advise the company on developments and will manage the completed properties. The minimum application is £1,000 and the offer closes on October 13.

Community Housing Assured Tenancies (CHAT) claims to be a "guaranteed and socially aware" offer. The accommodation is designed for the elderly - which is not the first time a BES assured tenancy issue has addressed this market. The company hopes to raise £4.4m, and is sponsored by A G Bentley (0800-300-371).

Four sites have been selected and the company has a buy-back guarantee with the housing associations who will manage the properties in the form of a one way option. After five years, the company can ask the housing association to buy the properties back, pound for pound the amount subscribed by investors. So investors have a safety net, although the shares should be worth more than £1 each by then. The minimum subscription is £2,000 and the offer closes on October 4.

Other assured tenancy issues, some of which close next week include Capital (sponsored by Hodgson Martin 051-222-7844) which will concentrate on central Scotland, Dundee and Aberdeen. Another Hodgson Martin issue, Beechwood, will invest in Glasgow. The succinctly-named 251 Portobello Road will develop and let a single development of 11 flats in the Notting Hill area of London. (Matrix Securities 01-495-4905).

If assured tenancies don't appeal, Johnson Fry (01-321-0220) is sponsoring LA Fitness which is seeking £500,000 for a new health and fitness centre in Old Isleworth village, just over the Thames from Kew Gardens.

Incidentally, Artesian, the London property developer and assured tenancy company has invested more than £1m (not one per cent as previously reported) of its £4.2m capital and expects to have committed almost 50 per cent of the capital by the end of the year.

Heather Farmbrough was commended for the BEST BES journalist of the year award.

Eric Short explains the changes in the method of paying National Insurance contributions which come into effect next week

What's in your pay packet?

FROM NEXT Thursday, all employees earning at least £115 per week (£5,280 a year) will have an extra £3.01 a week (£156.52 a year) in their pay packet as a result of changes in the method of paying National Insurance contributions, first announced in this year's Budget.

Under the current complex contribution system, employees who earn less than £48 a week - the Lower Earnings Limit - do not pay any National Insurance contributions.

Once they earn more than 543 weekly employees are charged contributions on all their earnings on which contributions are assessed at the employee's top basic rate. For employees earning £115 or more a week, the basic contribution rate is 9 per cent.

Under the new simplified system employees earning more than £43 a week will pay NI contributions at the rate of 2 per cent on their earnings up to the Lower Earnings Limit and 9 per cent on earnings above this amount, up to the Upper Earnings Limit - currently £235 a week.

Thus, employees earning £115 a week or more will pay 2 per cent on the first £43 of their weekly earnings, instead of 9 per cent, and the assessment of their remain-

EFFECT OF THE NEW SYSTEM

Weekly Earnings	Weekly Net Reduction in NI Contributions
£	£
43	1.29
50	1.01
75	1.51
100	1.01
115 & above	3.01

Source: DSS

ing earnings is unchanged. This represents a reduction of £3.01 in their weekly NI contribution.

Employees earning less than £115 a week currently have lower basic NI contribution rates. The net effect on their weekly NI contributions is a saving at a lower amount. The table illustrates the effect of the changes.

Since there is no tax relief on NI contributions even though effectively they are a social security tax - the employee

receives the full value of the reduction. For those seeking to cope with mortgage payments this extra money, however small, will be welcome. But how can employees not under pressure from high mortgages best use this mini-windfall?

Certain life companies, always on the lookout for further business, see this as an opportunity for employees to increase their pension commitments without cutting back on their current take-home pay. The amount involved is too small on its own for an employee to make a pension commitment from scratch. But the life companies view this as a painless way for employees already making pension payments to increase their commitments.

For example, employees in company pension schemes could increase their AVC (Additional Voluntary Contribution) payments. This move would coincide with the forthcoming campaigns in the autumn by life companies to promote their Free Standing AVC schemes.

Employees contributing to a personal pension arrangement could increase their payments too. However, this does not apply to rebate-only personal pensions that are contracted-out of the State Earnings-Related Pension Scheme.

David Barchard on a move to make credit even more flexible

Two cards - but one account

IF YOU are bewildered by the number and variety of credit cards on the market, be consoled by the thought that you can tailor the features of a card to match your needs.

Save & Prosper, the retail finance arm of Robert Fleming, the merchant bank, seems to have taken the flexibility principle furthest. It launched a credit card scheme this week which allows customers to have both a Visa card and a MasterCard, but with a single account.

Customers can choose whether they want to pay a fee (of £8 a year) and a lower interest rate equivalent to 22.7 per cent a year, or no fee and a slightly higher interest rate of 24.6 per cent. They can also choose whether or not to be billed with a single monthly account for both cards - an innovation which has led to ructions at Visa International and which could yet force Save & Prosper to compromise by putting two separate statements in the same envelope.

From the customer's point of view a single account makes

payment easier, but the other advantages seem a little questionable. In the UK, there is little difference between the numbers of Visa and MasterCard retail outlets - any shop that takes one card usually will take the other. There are other countries, notably West Germany, where the situation is different and Save & Prosper seems to be going into the

payments are made easier but the other advantages seem questionable.

MasterCard market with an eye to long-term changes in Europe.

For those who regard credit cards as giving a line of credit, there seems to be little point in a double account with a single issuer. Save & Prosper offers a credit limit of up to 10 per cent of gross income for home-owners.

Unlike the credit cards of the larger banks, such as Access or Barclaycard, Save & Prosper

allows customers to settle their accounts with direct debits for either the full amount or the monthly minimum. But they no longer provide the cheapest Visa or MasterCard on the market. That distinction is held by the Town & Country Building Society, which charges 19.5 per cent - more than 10 percentage points below the big names in the industry.

That situation could be about to change. Barclaycard is expected to announce fairly soon that it is introducing charges, and the other Access banks will probably follow Lloyds Bank before very much longer. This will enable them to bring their interest rates down a little.

Midland Bank this week announced the launch of its mass-market Visa card, with an APR of 26.8 per cent. Midland launched a limited-circulation Visa card, called Indigo, last spring. The appearance of its new Visa means that all the Big Four banks now offer both Visa and MasterCard to their customers.

Meanwhile, new affinity cards (which donate a fraction of the amount spent with them to particular charities) continue to appear. After the Royal Society for the Protection of Birds' card, another for animal-lovers has taken its bow. The Royal Bank of Scotland is offering a different kind of MasterCard, an affinity card linked to the National Game Defence League (NGDL).

The bank will donate £7.50 to the NGDL every time a card account is opened. The sum is enough to keep a dog in kennels for a fortnight. Will there soon be an affinity credit card for dog-haters as well?

ENERGY EFFICIENCY

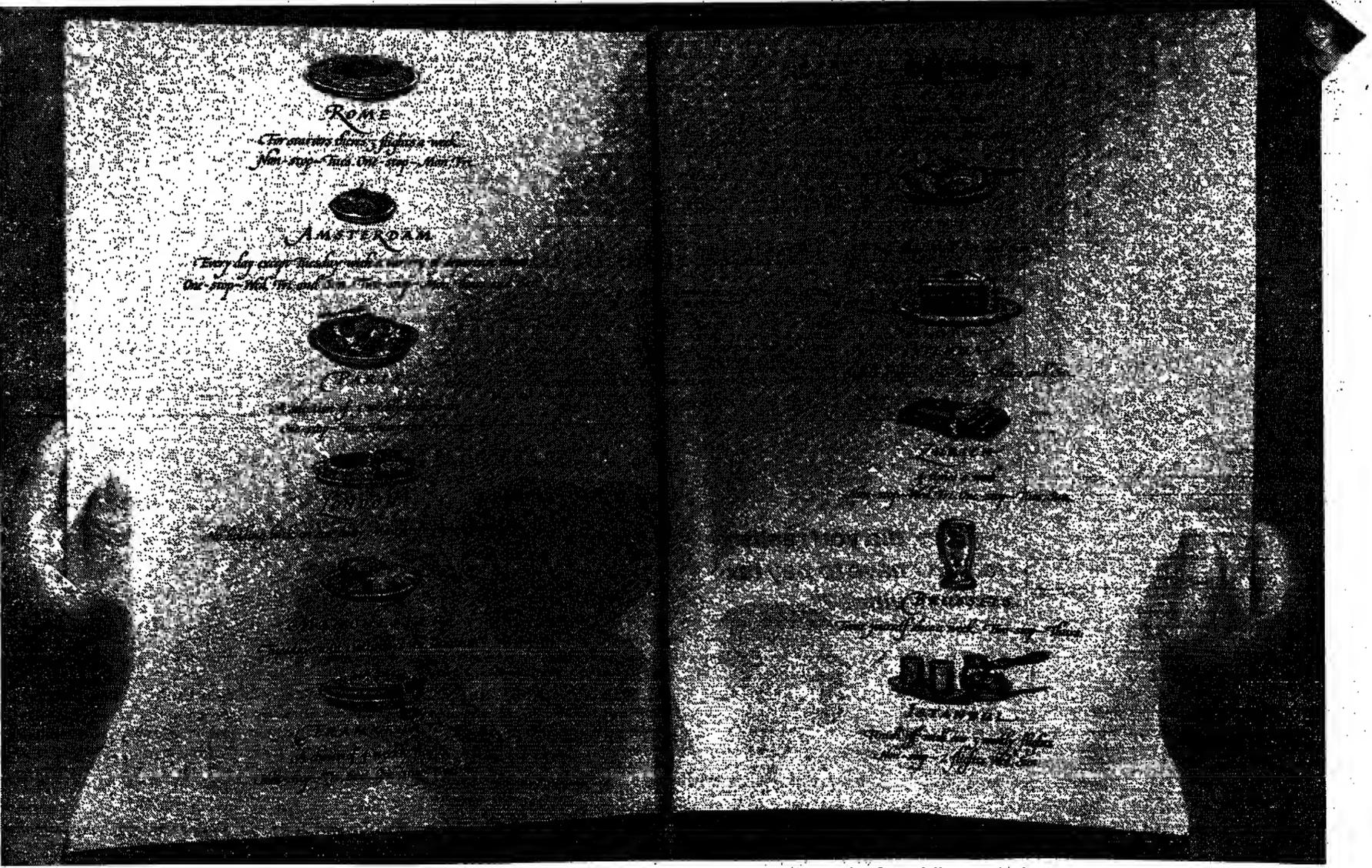
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FINANCE & THE FAMILY

Flotation row changes course; reports Sara Webb
Compensation payouts anger Abbey investors



Sir Campbell Adamson, the chairman of Abbey National

THE FLOOD of complaints about the recent Abbey National flotation has changed course. Now, investors are protesting that the compensation awarded for the money they lost is far from adequate.

£25 he claimed, Lloyds sent a cheque for only 50. In his claim form, de Vries requested 294.68 in respect of £1,300 overdrawn for 41 days (the period between July 4 when his cheque was cashed and August 21 when he received his refund cheque) plus postage, some of which was spent on letters of complaint.

who are claiming for three hours of lost time and, frankly, we're not paying that kind of money," said the spokesman. He added that the bank had received claims from "a lot of charlatans," some of whom had "grossly exaggerated" the amount of money lost because they had borrowed or taken cash out of their savings accounts.

Andrew Hill finds that North Americans can't buy a stake
Dry outlook for water float

OIL MAGNATES from Texas, Manhattan property tycoons and Californian film moguls are in for a dry autumn. They may have dollars burning holes in their pockets but they will not be able to spend them on a stake in the water and sewerage businesses of England and Wales.

of home-treated water. They cannot apply for shares from a US or Canadian address. Japanese investors will get a better deal. As in past privatisations, shares are almost certain to be sold through a public offer in Japan.

rules on securities. Potential investors in further-flung parts of the Continent should also bear in mind that it is worth applying for shares only if they are likely to have enough time to read the mini-prospectus (on all 10 companies) and lodge their applications before the closing date.

private shareholder outside the UK. Apparently, some individual investors drawn from the ranks of the mega-rich are habitually offered the chance to underwrite large privatisations. If you have to check whether you're one of them, you probably aren't on the list.

WATER PRIVATISATION

The office has received 1.5m inquiries already despite a poll on Radio 4 last week which revealed that only 4 per cent of the population intended to buy water shares. That poll was carried out in the first week of the latest advertising campaign.

Not only that the UK government can't even reveal the name of the bank handling the private placing in the US. According to UK advisers, if the US bank received just one letter from an anglophile American begging for water shares, it would jeopardise the entire issue.

In continental Europe, institutional investors will have the opportunity to subscribe through a private placing. The Treaty of Rome also indicates that all European Community members should have the chance to apply for shares.

Grievances that won't die away

FORMER MEMBERS of the Abbey National Building Society who still feel they were hard done-by during the recent flotation will have been disheartened by this week's news that John Redwood, junior minister at the Department of Trade and Industry, has rejected Labour Party calls for an investigation.

at the FT is anything to go by, many people will not be satisfied by this answer. The grievances that attended the flotation show little sign of dying away, although the group itself regards the problem of distributing share certificates as resolved almost entirely.

Alexander Sandison, vice-chairman of AMAF and one of those members disbarred on a technicality from receiving free shares, has collected a cheque for £500 from Abbey National after suing it in the small claims court.

a case in the small claims court and demanded £500 damages. Abbey National did not reply within the required 15 days and, therefore, lost the case.

IN THE NEWS
Societies hit back

SOME BUILDING societies are starting to hit back at the higher rates on deposits being offered by the banks. Whatever happens to base rate, several societies are guaranteeing interest rates at high premiums on new savings accounts.

this is not a fixed rate, but Skipton guarantees that the Excel bond will always be at least 4.5 per cent higher than its paid-up share rate.

General Accident is giving away reflective horse leg bands to coincide with the re-launch of a "horse and rider" insurance policy. A pair of the bands, used for improving the visibility of horses in poor weather, will be sent to anyone seeking details of the policy.

Ansvar, the Eastbourne-based company specialising in insurance for testottolers, is transferring its life assurance policy business to the Wesleyan and General Assurance Society.

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FINANCE & THE FAMILY

David Cohen outlines the pros and cons of company share-buying schemes
An option well worth considering

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A SOPHISTICATED FT reader would surely be sceptical about an investment opportunity offering, at best, the prospect of a spectacular gain and, at worst, an annual tax-free return of more than 7 per cent. Such scepticism would for once be unjustified — this is a fair description of what it means to be granted a savings-related share option by your employer. And the terms of such options can now be made even more generous as a result of changes announced in this year's Budget.

Approved savings-related share option schemes — to give them their full title — were introduced in the 1980 Finance Act. The crux of the scheme is that participating employees are offered the "option" to buy shares in their company in the future at a price fixed when the option is granted. Until this year the price payable had to be at least 90 per cent of the shares value at the grant date but this has now been reduced to 80 per cent. In other words, employees can be offered to employees at 20 per cent below their current market value.

Apart from the share option, the other key feature of this type of scheme is that it is "savings-related". An employee can only take out an option if at the same time he enters into a five-year savings contract, the ultimate proceeds of which will be sufficient to pay for the option shares.

These contracts are available from either the Department of National Savings or a building

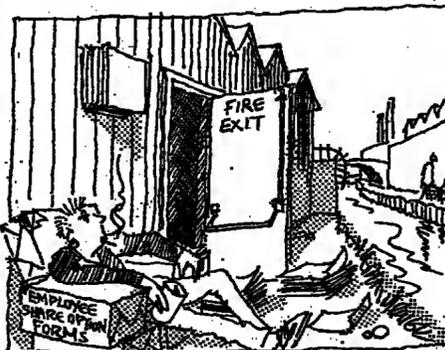
society and provide for monthly contributions of anything between £10 and £150 (the maximum was raised from £100 at the beginning of this month).

At the end of the five-year contract term, the employee gets back his 60 payments together with a bonus amounting to a further 12 contributions, equivalent to a compound annual interest of 7.2 per cent net. Alternatively, if he elected at the outset for a 7-year term, he can leave his money in for another two years without making any further inputs. The bonus then goes up to 24 monthly instalments — an overall return of about 7.7 per cent.

Even taking account of the fact that all the bonuses are tax-free, these returns are solid rather than spectacular when looked at in isolation. The reality is, however, that when the employee cashes in his savings contract, he will also have the chance to exercise his share option.

If the share price has fallen below his option price then he will obviously let the option lapse. But if the market price is higher he will trigger his option and be in a position to make an immediate gain by reselling the shares.

The beneficial tax rules extend to such a gain. Although profits on employees' options are usually taxed as income, participants in an "approved" scheme are, with one exception mentioned below, subject only to capital gains tax. The two taxes are now charged at the same rate



but CGT still offers the important advantage of a 25,000 annual exemption.

To appreciate the combined potential of savings contract and share option, consider the case of Alex. He is granted an option on 9,000 shares in XYZ plc at 80p when the market price is £1. To cover the cost, he takes out a £720 per month contract. After five years he has saved £8,000 and a £1,200 bonus gives him the £7,200 he needs to take up the shares.

Assume XYZ's price goes up at an annual rate of just 19 per cent. By the end of the fifth year it will have risen from £1 to £1.61. If Alex exercises the option to buy the shares at 80p and then sells at £1.61 he will net £14,490. Since his total investment was only £8,000, he has more than doubled his money. Bearing in mind that

the employee loses his job or his employer is taken over before the fifth anniversary.

The scheme rules will sometimes provide that the option lapses, in which case the employee's only alternatives will be to withdraw his savings and receive a reduced rate of interest (6 per cent per year after the first year of the contract) or keep the contract going to maturity.

Even if the option can be exercised early, the potential profits will be curtailed. This is because a premature exercise of the option is restricted to the number of shares which can be purchased with the accrued proceeds of the savings contract at that time — inevitably, a smaller sum than if the contract had been completed.

Suppose that, in the earlier example, XYZ plc had been taken over three years after Alex was granted his option. Alex will by then have saved £3,600 and this will be supplemented by interest of about £160. At an option price of 80p per share, the total proceeds of £3,760 will only be enough to pay for 4,700 shares compared with 9,000 if the scheme had run for the full five-year period.

These lucrative benefits cannot be set aside for specially favoured members of staff. The legislation requires that full-time employees who have served a qualifying period of up to five years must be given the opportunity to participate.

The greatest source of potential disappointment for option holders is if they are prevented from retaining their options for the full term. This will occur if

ONE PERSON'S cloud is usually another's silver lining. While many houses owned in the UK are suffering a drop in the value of their property, a number of mortgage lenders are reporting brisk business from expatriates wanting to buy a house in the UK either to live in on their return or as an investment.

Traditionally, mortgage lenders have insisted on a higher interest rate for expatriate borrowers on the grounds of the greater risks involved when the owner is overseas and the property is let. But there is now much less justification for a premium rating following the introduction of the 1988 Housing Act. This legislation gives landlords the right to recover possession at the end of a tenancy provided they can show that the property is required for their private residence.

Alternatively, if the landlord has already given prior notice to the tenant, he can recover possession irrespective of whether he intends to occupy the property himself. Lenders who continue to

charge a loaded mortgage rate for expatriates because of the perceived difficulty of removing tenants who have over-stayed their contractual welcome should substitute their present practice by insisting on the absentee landlord taking out a legal expenses insurance policy to provide protection of ownership rights.

At present not all lenders offer standard interest rates to expatriates who wish to raise finance to purchase a UK property. But the situation is changing, and a lot more lenders are coming into the expatriate market offering competitive rates. Potential borrowers should not need to pay more than 13.5 per cent currently and there are schemes. Town & Country and BNP Mortgages among them, which offer a significantly more competitive

EXPATRIATES

Load-free home loans

edge.

BNP Mortgages launched an expatriate mortgage plan earlier this year, originally with an 0.5 per cent uplift on its variable mortgage rate. The 0.5 per cent loading no longer applies. Mortgage loans to expatriates are now offered at BNP's standard rate of 14.85 per cent, which is high but is cushioned for the first six months by a discount of 1.5 per cent on loans over £100,000 and 1 per cent on loans up to £100,000. Alternatively, BNP offers a mortgage loan scheme where the rate is fixed at 13.5 per cent for the first three years. Up to 3 per cent of this can be deferred until the end of the three-year period.

Janet Boswell, manager, direct marketing for BNP Mortgages, says mortgage

rates as high as 16 per cent have been reported to her by expatriate potential clients.

One of the most competitive contracts around comes from the Town & Country Building Society which is offering a standard mortgage rate of 13.5 per cent on its Expatriate Mortgage plus a discount of 1.05 per cent for the first year, which means an expatriate mortgage can be taken out at a current rate of 12.45 per cent. Most of Town & Country's enquiries are from Hong Kong, but the society is planning to appoint agents in other countries to provide a service to prospective borrowers.

Town & Country is not alone in offering a standard rate mortgage to expatriates. Halifax adopts the same practice and so too does Nationwide Anglia which launched a fixed

rate mortgage earlier this month with interest pegged to 12.5 per cent for the first three years.

Nationwide Anglia treats mortgage applications from expatriates on the same basis as applications from UK residents, provided the expatriate has a right of residence in the UK.

John Darby, marketing director of John Charcol, mortgage adviser, says if the expatriate's salary is not paid in sterling, a foreign currency loan arranged offshore might be suitable.

As to the type of mortgage, Darby confirms a trend towards interest-only mortgages both where the expatriate is planning to return to the UK and where the property is purchased as an investment. It is possible to arrange an interest-only mortgage over 25 years where a loan of up to 75 per cent of the purchase price is required, he says.

Peter Gartland
Peter Gartland is Editor of The International, the FT's magazine for expatriates.

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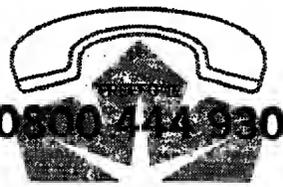
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Problems with trees

ON ONE side of my property, approximately two to three feet on my neighbour's side of the party line, are several mature trees. Every year with my neighbour's consent — and, I may add, with his disapproval — I have had the tree branches trimmed.

This is because they overhang my driveway, causing a nuisance with dropped pine needles, cones, twigs and an abundance of leaves in the latter part of the year. In conversation with my neighbour he tells me that the trees were here before I moved in and that I must put up with the problem. Can you advise me if there is any course of action I can take?

■ You can only continue to do what you have been doing. You are entitled to cut the trees back to the line of the boundary.

A case for resigning

MY LATE father established a trust, the income going to me for life and the capital being divided equally between my two children on my death. I and a friend of mine are the trustees. The trust investments include holdings of 10 per cent Treasury Stock 1982 and 11 1/2 per cent Treasury Stock 1986. These stocks were sold in June 1987 and the proceeds included accrued income paid gross.

The Inland Revenue has ruled that this accrued income does not form part of the trust income and is assessable on the trustees; furthermore, regardless of my own tax position (I am retired and a basic rate taxpayer) the accrued income is assessable at additional rate tax of 18 per cent. If the inspector is right, what is the reasoning behind the legislation?

The accrued income is clearly part of my income as the life tenant and I have to pay the tax on it. To classify it as not part of the trust income and assessable at a higher rate seems illogical, arbitrary and unfair.

■ Yes, the taxman is right (by virtue of paragraph 8 (a) of schedule 23 to the Finance Act 1985).

The accrued-income element in the sale proceeds of the stocks is part of the trust's capital. It does not form part of your income as life tenant. If the trustee has in fact paid the accrued-income element over to you as life tenant, it should be paid back into the trust forthwith. As you and your co-trustee appear to have misunderstood the terms of the trust (so far as we can deduce the facts from your brief outline), we recommend that you both have a talk with a solicitor — after giving him or her a chance to look at the trust deed beforehand, of course. Because of the invidious position in which you find yourself, as a trustee incorrectly paying trust capital to himself as life tenant, you may wish to consider resigning your trusteeship.

Reducing liability on house

MY WIFE and I were very interested in a recent Briefcase letter headlined "Joint-Owned Investment". Do we infer from your answer that when one of the spouses dies, handing over one-quarter of the house to the children (with the surviving spouse continuing to live there) would be an allowable method of — reducing inheritance tax on the death of the second spouse?

■ It is important to be able to show that a gift which qualifies to reduce your liability to inheritance tax does not have a benefit reserved to the donor.

The risk in giving a full 50 per cent away on the first death is that it might be argued that the surviving spouse's continued occupation

of the house is not as of right (because of his or her 50 per cent share) but because there is an express or implied condition attached to the gift of the other 50 per cent not to deprive the surviving spouse of possession.

A gift to children of only a 25 per cent interest in the house should be effective to prevent there being a claim that there is a benefit reserved.

If such a claim were to succeed it would negate the tax efficiency of the gift to a child, so that inheritance tax on the second death would be calculated on the value of the whole of the house.

It is doubtful whether the continued residence of the child in the house would be sufficient to deflect the risk, although it may well diminish it.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for any consequences that may arise from reliance on the information contained in this column. All responses will be answered by post as soon as possible.

Community charge

If I give my live-in nanny the wherewithal to pay the Community Charge, is that:

1. A gift?
2. A benefit in kind?
3. Income on which tax and national insurance contributions are payable?

■ The right answer is 3: as the discharge of an employee's

personal pecuniary liability by the employer, if paid direct to the local authority, or as remuneration (if paid to the employee herself).

Not liable for poll tax

MY WIFE and I spend every three and six months between year in the UK staying with our two sons who both have their own houses here. The rest of the year we live abroad.

Could you advise me on whether the Community Charge will be payable by us when residing with one or other of our sons and, if so, whether this is on a pro-rata basis for the number of months in a year spent in the UK?

■ On the facts which you state neither you nor your wife should become liable to pay the community charge.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Quoted rate %	Compounded return for ten years at	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
	25%	48%			
CLEARING BANK					
Deposit account	4.50	4.80	2.88	monthly	1
High interest cheque	6.50	6.70	5.38	monthly	1
High interest cheque	8.00	8.30	6.64	monthly	1
High interest cheque	8.40	8.70	6.98	monthly	1
High interest cheque	8.80	9.20	7.36	monthly	1
BUILDING SOCIETY					
Ordinary share	6.00	6.08	4.87	half-yearly	1
High interest access	8.00	8.00	6.40	yearly	1
High interest access	8.25	8.25	6.60	yearly	1
High interest access	8.75	8.75	7.00	yearly	1
High interest access	9.00	9.00	7.20	yearly	1
90-day	9.00	9.20	7.36	half yearly	1
90-day	9.45	9.67	7.74	half yearly	1
90-day	10.00	10.25	8.20	half yearly	1
NATIONAL SAVINGS					
Investment account	10.75	8.08	6.45	yearly	2
Income bonds	11.50	9.09	7.28	monthly	2
Capital bonds	12.00	9.00	7.20	yearly	2
34% issue*	7.50	7.50	7.50	not applica	3
3pc Treasury 1992	7.50	7.50	7.50	not applica	3
General extension	5.01	5.01	5.01	not applica	3
MONEY MARKET ACCOUNT					
Schroder Wego	9.98	10.12	8.09	monthly	1
Provincial Bank	10.27	10.77	8.62	monthly	1
UK GOVERNMENT STOCKS					
3pc Treasury 1991	12.43	10.32	9.05	half yearly	4
3pc Treasury 1992	12.04	9.93	8.98	half yearly	4
10.25pc Exchequer 1995	11.07	8.45	8.88	half yearly	4
3pc Treasury 1990	11.07	10.29	8.83	half yearly	4
3pc Treasury 1992	9.83	9.83	8.53	half yearly	4
Index-linked 2pc1982S	8.95	8.44	8.13	half yearly	24

*Lloyds Bank/Halifax 90-day; immediate access for balances over £5,000. Special facility for extra £10,000. Source: Phillips and Drew. @Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

MINDING YOUR OWN BUSINESS

IF SMALL British businesses are to trade usefully in the growing European market, and position themselves to benefit from the post-1992 era, one obvious route is selling stylish and services that have until now been peculiarly British.

cool ability of the British female to "mummy" people. She and her team recruit foreign businessmen and their families, and sort out rented accommodation, schools, and the thousand-and-one problems that face families in a strange country. Although her business is less than

three years old, she is now moving decisively into continental Europe. David Kemp, 42, has always enjoyed skiing. His new firm is investing £1m buying chalets in the French Alps to provide first-class facilities for exclusive private parties prepared to pay high prices.

that the British had invented - and in which many of them like to take part when they head for the slopes. His new firm is investing £1m buying chalets in the French Alps to provide first-class facilities for exclusive private parties prepared to pay high prices.

Alpine holidays that follow the party line

IN DAVID Kemp's opinion, the travel business has many similarities with publishing in Britain. He feels the main difference is that travel is about 10 years behind publishing, having not learnt yet to market holidays selectively, or to provide the consumer with holidays tailored to choice.

Kemp's new business is called The Ski Company. He believes you can arrange ski chalet parties properly only if you own, manage and staff the chalets. He and other private shareholders have subscribed £20,000 so far and are committed to a further £550,000 to buy a small number of chalets and villas in the French Alps.

five double bedrooms with en-suite bathrooms and will be in the charge of a house manager and a holiday manager (whose job it will be to make sure that the skiing and the partying go with a swing). "We are pricing ourselves at almost the levels of a four-star hotel," says Kemp. "We are aiming to attract the 30- to 45-year-old high earners."



Roy Hodson David Kemp... wants to discover what clients really want

Building a tradition of arranged carriages

FROM THE Pre-Arrival Pack sent to families before they arrive in Britain, to the Survival Pack given to them as they settle into their new homes, nothing is left to chance by Nicola Balmel and her team of three permanent and three part-time consultants at Corporate Relocations. She has brought a clinical efficiency to the job of looking after busy executives and their dependents who are on the move.

Balmel takes it as a matter of course, for instance, that new arrivals will want a list of local swimming baths and health centres as well as information on more routine matters such as bank permits, VAT, medical care and insurance, and driving licences. The service also includes collection from the airport and organising short-term accommodation.

Right at the start, she determined that her business would have an identity of its own so she spent £9,000 (which she could ill-afford then) to provide her concept of Corporate Relocations with a house style for all print-work, and a logo. The strong company identity she developed is now serving her well as she begins an overseas expansion programme.

The idea of establishing licensed offices abroad ("It is definitely not a franchise concept," Balmel insists) was tried out first when she helped a friend, Annabel Green, open a Corporate Relocations office in Paris. It has worked so well that a second licensed office is opening this month in Madrid, and others are to be launched shortly in Hamburg, Faro and Geneva. Next, it's the world.

Preparing and printing 5,000 catalogues has cost him £3,000. As he cannot afford advertising space in national newspapers or magazines on his low budget, he is concentrating on placing small advertisements in the provincial press inviting people to send for his catalogue. But, at £150 a time, he says that even that outlay is stretching his resources. Meanwhile, he has found a temporary base by sharing an office at the Sheffield Chamber Business Centre, which has been

Nicola Balmel, centre, with two of her consultants

When left is right

PRACTISING the principle that doing something different can improve your prospects for success, 34-year-old Kevin Kiely has launched a mail-order business for left-handed people.

Kiely used to be a personnel manager with Quaker Oats. He has raised the capital for his one-man venture by selling his London home for £105,000 and moving north to Sheffield, his home town, which has lower living costs.

He, his wife and their two young sons are living with his mother and their remaining £70,000 capital is being gobbled-up without any immediate return. But things are starting to move. The first copies of his mail-order catalogue, called Lefthanders, went out this month. He is planning his hopes on getting a surge of orders before Christmas that will guarantee a happy New Year for his business and family.

Kiely accepts that his venture will stand or fall by how well he can get over his message in the next few weeks. Although he has a master's degree in employee relations, he admits he knows next to nothing about public relations or advertising and is seeking help in both.

First contacts with the world of publicity have not been too happy, though. He was outraged that a one-man public relations in Sheffield should demand £640 a month for a minimum of six months to send out press releases about his 15-page glossy catalogue, in which Kiely features 55 left-handed items ranging from golf clubs to scissors. He intends to expand the range next year by adding do-it-yourself tools.

Preparing and printing 5,000 catalogues has cost him £3,000. As he cannot afford advertising space in national newspapers or magazines on his low budget, he is concentrating on placing small advertisements in the provincial press inviting people to send for his catalogue. But, at £150 a time, he says that even that outlay is stretching his resources. Meanwhile, he has found a temporary base by sharing an office at the Sheffield Chamber Business Centre, which has been



Kevin Kiely... help for lefties in a right-thinking world

created from a converted church. His first year's rent is fixed at only £26 a week.

Kiely says the idea for his business came to him a year ago when he noticed that a left-handed man was having difficulty writing out a cheque and was having to hook his wrist round the cheque stub. Right-handed himself, Kiely realised that left-handed people have a tough time in this right-thinking world. His left-handed postman supported the idea, pointing out that he could not find a shop selling left-handed golf clubs.

As at least 10 per cent of British people are left-handed (although some estimates say the real figure is around 25 per cent), Kiely foresaw a minimum market of more than 5m for such items as left-handed corkscrews (they are turned anti-clockwise), golf clubs, potato peelers, secateurs, and even birthday cards that open back-to-front.

There are companies in Britain and continental Europe making all these items, and many more. Kiely set about tracking them down for inclusion in his catalogue. He says: "I was soon very disappointed to find that many firms in Britain regard left-handed people as a minority market which is not worth catering for. Some firms would not consider adapting their products

because I could place only small orders."

He is now buying from all over Europe; left-handed corkscrews and wallpaper scissors come from Germany, for example. But he says he will be delighted to hear from British manufacturers who can supply him.

His biggest single investment so far has been £9,500 spent with a Sussex firm which has produced an exclusive range of desk-top merchandise for him, including left-handed personal organisers. It is a big risk because he has no idea if the range will sell.

One company which took to his idea immediately was the Pretty Ugly Pottery in north Wales. That firm now is producing coffee mugs with grinning visages that face outwards when held by a left-hander. Urged on by Kiely, it also has introduced a new line - a mug that states: "Left-handers are better lovers."

Had he been in the market considerably earlier, his catalogue would have been appreciated by Leonardo da Vinci, Michelangelo, Picasso and Einstein. All were left-handed.

Lefthanders, Sheffield Chamber Business Centre, Bramall Lane, Sheffield S2 4QZ (tel. 0742-739-265).

Ian Macgill

MINDING YOUR OWN BUSINESS

BUSINESS OPPORTUNITIES

Participant Sought In 18 hole Cheshire Golf Course and Clubhouse development with leisure facilities. Interested parties should write to: Box H5282, Financial Times, One Southwark Bridge, LONDON SE1 9HL

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WINE BAR AND RESTAURANT Recently established business in an exceptional position in London requires experienced partner to inject management and development expertise as well as capital. Minimum overall investment (equity preferred) £150,000. Good potential returns. Write in confidence to Box F8230, Financial Times, One Southwark Bridge, LONDON SE1 9HL

UNITS IN WEST END TRANSFER OF "THE LADY AND THE CLARINET" HOOKCLOSE LTD Contact: Nick Pitt 01 226 8561/1916

FOR SALE Life assurance policy with profits. Monthly date 28 September 1991. Sum assured £15,500. Declared bonuses £5,534.71. Future bonus £5,282.59. Total £26,317.20. Present surrender value £19,500. Offers please. Tel: 0258 861239

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Legal Profession The Financial Times proposes to publish this survey on: 20th October 1989 For a full editorial synopsis and advertisement details, please contact: Wendy Alexander on 01-873-3524 or write to her at: Number One Southwark Bridge London SE1 9HL

FINANCIAL TIMES COMPANY'S ADDRESS SERVICES

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PREMIER CRU VINEYARD 117 hectares of which 73 are Premier Cru. Current stocks are valued at approximately £2.4 million Premier Cru and £500,000 others. Price on application. For further details telephone Property Brokers (International) Ltd. (0604) 21922 or FAX (0604) 21966

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Form for New Technart exhibition with fields for Name, Position, Company/Organization, Address, Postcode, Tel.

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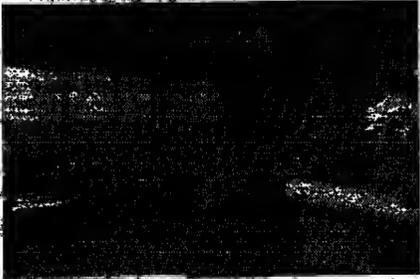
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Dumfries 17 miles Carlisle 50 miles

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Tel: (0423) 523423

London Office:
127 Mount Street, London W1Y 5HA
Tel: 01-499 4155

Humberts Residential

Wiltshire/Dorset Border 10 1/2 acres

Shaftesbury 9 1/2 miles, Salisbury 5 miles (Waterloo under 2 hours), A303/A35 5 miles.



A handsome house situated in an area of outstanding natural beauty. 4 reception rooms, 6 bedrooms, 3 dressing rooms, 3 bathrooms, cloakroom, kitchen/breakfast room. Oil central heating. Garaging, outbuildings and stabling. Garden, Paddocks. Annex with hall, sitting room, kitchen, bedroom, bathroom. Price Guide: £275,000 Freehold with about 10 1/2 acres. Details: Shaftesbury Office, Tel: (0747) 534882 116837/LNS

Berkshire Ascot Central London 26 miles, Ascot 1/2 mile (British Rail Waterloo 45 mins.), Windsor 5 miles, M3 J3 5 miles, M4 J8 5 miles, Heathrow 20 minutes.



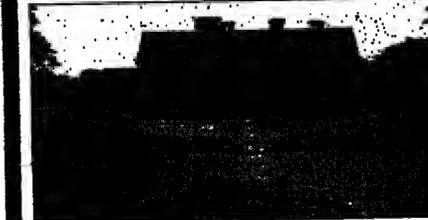
An elegant Georgian Style home, luxuriously appointed with spacious accommodation ideally suited for entertaining. Reception hall, 4 reception rooms, 2 bedroom suites, 3 further bedrooms, bathroom, cloakroom, kitchen/breakfast room, utility room. Garaging for 3 vehicles. Heated swimming pool, pool house, workshop. Mature gardens and grounds of about 1 acre. Freehold for Sale by Private Treaty. Details: Humberts London Office, Tel: 01-629 6700 01034201/MPFR

North Yorkshire Hovingham Malton 6 miles, Molesey 6 miles, York 16 miles, A1 24 miles, Teesside 42 miles, Leeds 41 miles.



A fine former vicarage with superb reception rooms and entrance hall set in a private walled garden in a lovely estate. Reception hall, 3 reception rooms, master bedroom suite, 5 further first floor bedrooms, bathroom 2, large cloakroom, kitchen room, domestic offices, utility room, 3 attic rooms. Oil central heating. Walled garden. Offers in excess of £250,000 For the Freehold. Detached coach house block also available if required with potential for conversion to further self-contained accommodation. Details: York Office, Tel: (0904) 611828 21/285FJP

Bedfordshire Shillington village 1 mile, Hitchin 5 miles/BH Kings Cross 35 minutes, London 40 miles.



A delightful small Residential Estate. Lot 1: Shillington Manor. Entrance hall, 4 reception rooms, 7 bedrooms, 2 bathrooms, cloakroom, domestic offices. 2 period barns suitable for conversion, subject to planning. Range of traditional outbuildings. Garaging and loose boxes. Mature wooded garden and grounds with 1/2 acre lake. In all about 23 acres. Lot 2: A useful block of arable land with good road frontage. In all about 22 acres. Lot 3: A block of level grazing land with good road frontage. In all about 19 acres. Freehold for Sale by Private Treaty. As a whole or in 3 lots. Details: Hatfield Office, Tel: (07072) 75351 014777/MPFR

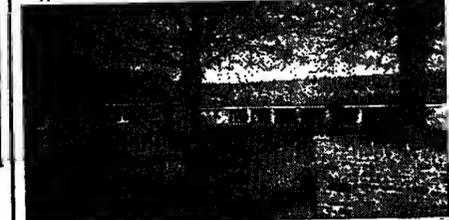
Sussex 142 Acres

Burwash 1/2 mile, Heathfield 6 miles, Tunbridge Wells 16 miles, Eatchingam 3 miles (London 65 minutes).



A residential block built with considerable sporting potential and spectacular views over the Rother Valley. The principal house comprising a pair of brick built cottages now forming one dwelling, with a total of 3 reception rooms, 6 bedrooms and 2 bathrooms. A range of modern and traditional farm buildings with potential for residential conversion. Arable, grassland and woodland. Additional land totalling about 45 acres available by separate negotiation. Considerable potential for creating leisure based enterprises utilising the river frontage, natural topography and privacy of location. In all about 142.78 acres. For sale by Private Treaty. As a whole or in 2 lots. Details: Humberts London Office, Tel: 01-629 6700 Humberts Lewes Office, Tel: (0273) 478828 014012/NAL

Wiltshire Chippenham 4 miles (Paddington 1 hour), M4 4 miles, Bath 13 miles.



A most luxurious barn conversion in a rural setting. 3 reception rooms, 4 bedrooms, 3 bathrooms (2 en-suite), cloakroom, excellent kitchen/breakfast room. Oil central heating. Garaging for 2 cars. Walled garden. Details: Chippenham Office, Tel: (0249) 444525 Cluttons Bath Office, Tel: (0225) 489511 105054/DMLB

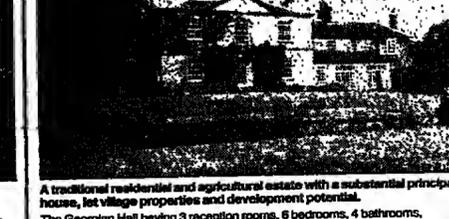
Hampshire London 45 miles, M3 (Junction 5) 12 miles.



An historically and architecturally important House, the Eighteenth Century home of Jane Austen's family. Fine interior with Elizabethan Hall and 5 historic 17th and 18th Century Public Rooms, 6 principal bedrooms, 10 further bedrooms and nursery wing. Victorian kitchen and extensive domestic quarters. Mature park setting with lawns, borders and secluded walled gardens in unspoilt downland setting. In all about 26 acres. Additional 220 acres of adjoining parkland available. Details: Humberts National Leisure Division, 25 Grosvenor Street, London W1X 9FE Tel: 01-629 6700 0105/CHD

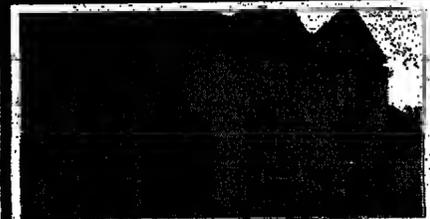
North Yorkshire 470 Acres

York 7 miles, Selby 7 miles, Leeds 27 miles, M62 12 miles, A1 17 miles.



A traditional residential and agricultural estate with a substantial principal house, let village properties and development potential. The Georgian Hall having 3 reception rooms, 6 bedrooms, 4 bathrooms, domestic offices, outbuildings, garden and grounds. Two let farms and 17 houses (the majority subject to tenancies). Two ranges of traditional farm buildings and a number of further sites suitable for development. Arable, pasture and amenity woodland. Gross rental income totalling £23,720.00 per annum. In all about 470 acres. For sale by Private Treaty. As a whole or in 30 lots. Details: Humberts Agricultural Agency Department, Tel: 01-629 6700 York Office, Tel: (0904) 611828 01028591/NAL

SAVILLS



WILTSHIRE - Salisbury, The Cathedral Close
London 63 miles (Waterloo 67 minutes).
Superbly appointed mainly timber house in lovely setting within the renowned Close with magnificent views of the Cathedral.
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Savills, Salisbury, Tel: (0122) 204622. Contact: Christopher Lacy



WILTSHIRE - Downton
Salisbury 6 1/2 miles (Waterloo 1hr 27 minutes), Southampton 18 miles, London 89 miles.
An historic manor house, formerly the home of the family of Sir Walter Raleigh. 5 reception rooms including The Great Parlour, 5 bedrooms, 2 bathrooms, shower room, oil central heating, double garage, garden. Detached 4 bedroom cottage. About 1.94 acres. Offers in the region of £500,000.
Joint agents: Woolley & Wallis. Tel: (0722) 217111.
Savills, Salisbury, Tel: (0722) 204622. Contact: Christopher Lacy.



WEST SUSSEX - Near Horsham
Horsham 3 miles (Victoria London Bridge 50/55 minutes), A23/M23 9 miles, Gatwick 14 miles.
A magnificent opportunity to purchase this historic manor house in an outstanding setting. 4 reception rooms, 3 bedrooms, dressing room, 2 bathrooms, garage, indoor swimming pool complex.
Exceptional landscaped grounds with views towards the South Downs.
About 7 1/4 acres. Further land may be available.
Offers in excess of £900,000.
Savills, London, Tel: 01-499 8644. Company Post Transactions.



CAMBRIDGESHIRE - Littleport 438 ACRES
Cambridge 23 miles, Ely 7 miles, Liverpool Street 1 hour 55 minutes.
An outstanding hall and grounds set in 432 acres of let land.
Less 19th century 8 bedroom Hall.
Stabling and outbuildings. Sporting rights over the whole.
432 acres of let Grade 1 land (currently producing £24,000 per annum).
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Savills, Lincoln, Tel: (0522) 534691.
Contact: Roland Mackin or Tom Hewitt.

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PASCOE East Preston Office 0903 774230
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OFFERS IN EXCESS OF £750,000

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BERKSHIRE - NEAR NEWBURY
Newbury 2 miles, M4 (J13) 6 Miles
A magnificent detached period house, luxuriously furnished. Long private drive to walled parkway, including Newbury Golf Course and access.
Pigeon Farm - 3 reception rooms, 5 bedrooms, 2 bathrooms, conservatory, garage and attractive garden.
Pigeon Farm - 3 reception rooms, 5/6 bedrooms, 3 bathrooms, double garage and garden.
Joint Agents: Lane Fox, Poughett - 02357 8727
Manchester office: 0872 34545 London office: 01-499 7154
London Office Tel: 01-629 7154

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PROPERTY

Homes will sell if the price is right

John Brennan on why "bargains" and cut-price offers may not be all that they seem.

IN A UK housing market that at present is attracting only scavengers, one popular way of trying to attract buyers is to appeal to their bargain-hunting instincts. As a result, by no means all the "Distressed Sale" and "Must Sell" advertisements that appear are from homeowners who have genuinely fallen down the gap between their income and their loan payments. In among the genuine "distressed" sales there are, in Emily Anson's experience, a fair number of far from distressed speculative vendors.

Anson's relocation and home search agency in London involves her in tracking down properties for investors. "I have followed up a number of these 'must sell' claims," she says, and I have yet to find anywhere where the price has been reduced significantly.

"This 'roll over and play dead' tactic is not restricted to London. With estate agents across Britain reporting that prospective buyers this summer have commonly been viewing 30, 40 or more properties before making up their minds whether to buy or not, it is understandable that vendors should be keen to give their home any sales advantage they can think of. But simply calling a house or flat a "bargain" is not a guarantee of attracting a viewer, let alone a buyer.

"Bargain" selling only works in a specific set of circumstances. Bargains appeal to impulse buyers, and unless there is a genuine price reduction on offer the play only works when those buyers are a little vague about correct values. Cut-price offers also lose much of their impact if the buyers think that the sales are going to last a long time. Only a few of these points translate to the housing market now.

The caution and patience of most home hunters pretty well explodes hopes of drawing an impulse buyer through the front door. As for boosting the asking price only to increase the theatrical effect of a subsequent price reduction, that stands little chance of impress-

ing people who will have seen a dozen or more other properties and whose sense of housing values will be as acute as any surveyor.

The one bargain angle that might have some mileage in it for sellers is to play the "buy while stocks last" theme. This needs adapting to sound the warning that the market has bottomed-out and that the opportunity to stroll through as many other people's living rooms as you fancy, offering a small percentage of the asking price to take it off their hands, will not last much longer.

This in turn begs the multi-billion pound question of whether the housing market is on the turn, or not. There are signs of a revival of interest in quite a few sectors of the market after a sluggish spring and summer, but it would be reckless to risk a house sale on the hope that any prospective buyer can be rushed into picking up a bargain before the residential "sales" come to an end.

So, what can a would-be seller make of the market today, and how can they best approach the business of getting a sale?

If there were any certain answers to those questions there would not be so many worried British homeowners now considering sales by lottery, or lugging their property particulars around from sales agent to sales agent in the hope of catching one with a real, live buyer on their lists, or attempting their own marketing programmes - whether pleading the "bargain" sales angle or not.

Selling a house yourself is a tempting option when the professionals seem stumped. Tempting, but not as simple as it looks. John O'Callaghan, the brilliant former estate agent whose works include such self-improvement books as *How to Make Your First Million: An Entrepreneur's Guide to Success, Money and Power*, believes that selling it yourself is a realistic option on the grounds that the best person to sell a property is the one who



Ads you know and love

ROY BROOKS was one estate agent with the sure skill of attracting attention to a property. For more than 20 years from the beginning of the 1950s, Roy Brooks' wry copywriting dragged readers' eyes to advertisements that turned properties' peculiarities into sales points.

Now the agency that still bears Roy Brooks' name has published a book of Brooks' most famous ads, called *Mud, Straw & Insults*, plus an eight-pack of postcards illustrated by Diana Durant. Copies of the book (£2.95 plus 38p postage) and the postcards (£1 plus 22p postage) can be obtained from Roy Brooks' agency at 359 Kings Road, Chelsea, London SW3. All profits from the book and cards go to the National Society for the Prevention of Cruelty to Children.

commissions, and the slimmer the commission the less any individual agency's incentive to press ahead with the marketing.

It is also impossible for owners to keep proper track of a sales programme if they are trying to find out who has done what, when and why, from a brace or more of different agents. In any event, in this buyers' market many of the major agencies have been insisting on sole instruction for all but the most exceptional properties.

However, the best presentation in the market won't win a buyer if the price is wrong. As Brian D'Arcy Clark of the West End agents Chesterfield, says: "You are always driven back to the age-old rule that if you start selling at a price that is too high you end up with a price that is too low, and there are still people who are being greedy, instructing at too high a price."

Sales agents are not unduly keen to labour the point, but the fact is that if a property does not attract a few interested prospective buyers when it is first put on the market, or if it misses its prime sales pro-

nonsense of all house price generalisations.

As an example, he says: "Looking from August to August, prices in Nottingham, Leicestershire and Cambridgeshire have risen between 20 and 25 per cent, yet prices in Suffolk are down around 26 per cent." What those figures mask, of course, is the critical figure for sales volumes. In common with all but a few specialist agencies, William H Brown's number of property sales is down by around 40 per cent year-on-year, and it is down by nearer 50 per cent on a strict comparison between August 1989 and last August.

"When properties are priced properly they are selling," says Snarey, "but while it takes only a couple of months for the builders to feel the effect of a downturn, it takes private owners at least six months to realise that what would have been worth, say, £60,000 a couple of years ago, and which could have sold for £100,000 last year, will sell for £80,000 now." Once that is accepted, the logjam of unsold property that has been seen in the housing market for a year should start to clear.

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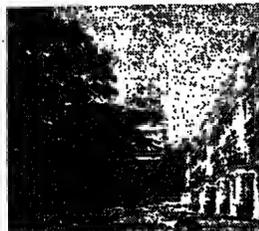
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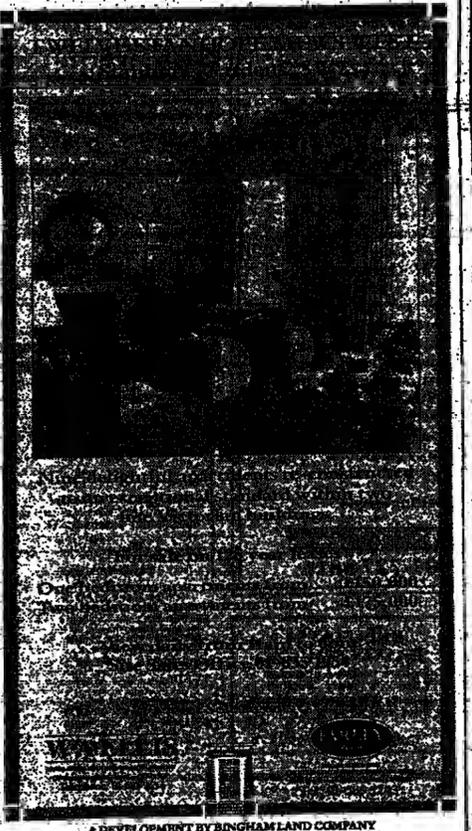
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BOOKS

Pioneer of gay lib and animal rights

Anthony Curtis reviews a gay 'boy's' biography that made him laugh and cry

ANYONE WHO has ever wondered what happens to a golden, gay boy who survives into middle and then into old age should read Ackerley. It is one of those rare biographies that make you want to laugh and cry by turns; through strictly factual it has the teasing interior life and narrative sweep of a good novel.

J.R. Ackerley was the author of only a handful of books much treasured by his fellow-writers and friends, now acquiring wider, permanent fame as 20th century clarity in the area of art and fiction-writing, which in those days were the only review articles to be signed. Ackerley had a fairly sympathetic editor in C.S. Lambert, who had established the journal from its inception as a haven of refuge for the writings of such people simply as anathema. He would send down frequent directives demanding a change of tack. Ackerley always fired back with deadly accuracy in a beautiful broadside of memos seldom yielding an inch. The fact that he served his full term at the job is a point in favour of the employment structure at the BBC.

Peter Parker's chapter "Inside the machine" should become required reading for anyone who is made the literary editor of a magazine or newspaper. It is the only sustained piece of writing I know to give an accurate account of what this peculiar position entails. Ackerley had in 1935 drifted into the post - as most people do - from more mainstream responsibility at the BBC, which he joined after leaving Cambridge at the end of the war.

The BBC's cultural magazine, The Listener, had been founded in 1929 in

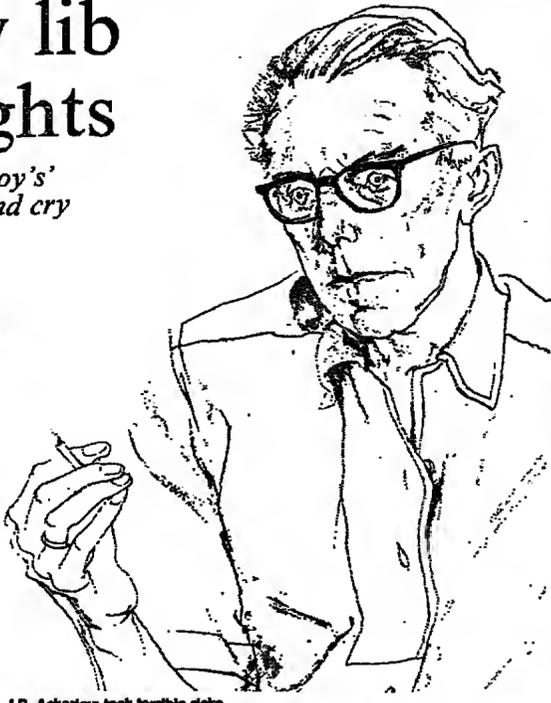
ACKERLEY: A LIFE OF J.R. ACKERLEY by Peter Parker Constable £16.95, 465 pages

the teeth of some ferocious opposition from the other weeklies. It had already acquired a good reputation for publishing book and art reviews as well as poetry. Ackerley, who took over from Janet Adam Smith, raised it to fresh peaks of influence and excellence, particularly in the area of art and fiction-reviewing, which in those days were the only review articles to be signed.

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If his masters had had the slightest inkling of what Ackerley's private life was like, his hold on the job might have been even more tenuous. He was, as he revealed in his autobiography, a highly promiscuous gay with a compulsive urge to pick up "rent" in the pubs around Victoria Street and Horse Guards Parade. He took terrible risks. Ackerley died in 1967 before the Wolfenden recommendations had become law.

Parker goes into all that thoroughly, perhaps a little too thoroughly, and he



J.R. Ackerley: took terrible risks

also reveals the more permanent relationships which Ackerley formed with working-class boys, one of whom - his great love - was a petty criminal. It is not a pretty story. It was complicated by Ackerley's own family situation. He had the shock of discovering on his father's death that the old boy, a pillar of the banana import business, had had a second family by a mistress he had kept secret from Ackerley's mother.

Apart from them, Ackerley also had a sister, Nancy, for whom he became the sole support after her ex-husband's

Black comedy of war

Geoffrey Moore on the psychological impact of the Second World War

DISILLUSION with a war is nowhere more dramatically illustrated than by the turn of events between 1914 and 1918. Rupert Brooke hoped that if he should die there would be some corner of a foreign field etc, but in the end Wilfred Owen gave the lie to Horace's Dulce est decorum est pro patria mori. After the Second World War Joseph Heller and Kurt Vonnegut went further. War is not merely hell; it is an obscene farce, a black comedy.

This is the line which Paul Fussell takes in *Wartime*. A Professor of English at the University of Pennsylvania, he turned, in the 1970s, to what he calls "psychological and emotional culture." In the current study Fussell undertakes to examine the impact of the Second World War on both soldiers and civilians.

He is concerned with the damage which the war did not merely to bodies but to minds. He sets out to expose the rationalisations and apophorems which people developed in order to cope with unacceptable reality. Believing that the Second World War, as much as the First, was romanticised by the "sentimental, the loony patriotic, the ignorant and bloodthirsty," he has tried, he says, to balance the scales.

Fussell's relentless documentation of blunders is sickening. For example, on April 28, 1944 nine German torpedo boats cut to pieces 200 ships engaged in an American rehearsal for the invasion of Europe. 740 Americans, says Fussell, were "secretly bulldozed into a mass grave." Rumours proliferated. Nuns were seen to pay bus fares with hairy hands, etc. Among the catalogue of dismembered penises, heads rolling, arms shot off and rotting corpses, Fussell inserts the hawdy songs that we all

and nothing else, and thus stupid and sadistic," hence, it needs to be "demythologised." While granting, readily, that at bottom all war is wrong, it does seem that he has not paused to think what Europe would have been like if Hitler had not been defeated.

Having experienced combat with a rifle platoon in France and been wounded into the bargain, Fussell knows at first hand what he is talking about. But if bravery is often inspired by fear, it is still bravery. The tired fighter pilots of the Battle of Britain, heavily outnumbered and badly trained as they were compared with their German counterparts, did not lose their morale.

The people of blitzed London and other cities did not cave in and cry for surrender. There may have been a disturbing number of deserters among the Allied forces, unspeakable evasions, pipe-smokes which did not mean the shooting down of friendly aircraft, but there was also an inspiring spirit of comradeship and of willingness to work together.

It is a truism, but nevertheless worth repeating, that for all its horror war ironically brings out the best as well as the worst in men and women. William Faulkner said in his Nobel Prize address that Man would prevail because he has a soul, a spirit capable of compassion and sacrifice and endurance. Sometimes there do not seem to be many of these qualities around, but they are there deep down and to deny that they exist at all, as Paul Fussell seems to do, subverts the truth.

Fussell pours scorn on the idea that the Second World War was a Necessary War. He considers that it was "a war

know and love and, as befits a literary man, extracts from Alan Lewis, Sidney Keyes, Julian Maclaren-Ross and other well-known wartime writers.

WARTIME: UNDERSTANDING AND BEHAVIOUR IN THE SECOND WORLD WAR by Paul Fussell OUP £15, 330 pages

The dancer and the don

Clement Crisp reviews the letters of unlikely lovers

THE IMPROBABILITY of the union between John Maynard Keynes and Lydia Lopokova is rivalled only by the intense happiness it gave to both partners. Bloomsbury was stunned that one of its cherished members had a brilliant economist, a Cambridge Apostle, and it was assumed, a homosexual, should have fallen totally under the spell of what Lytton Strachey called "a half-witted canary."

That the canary was one of the most bewitching dancers of that (or any other) age did not concern Keynes's circle, though they may have noted with despair that the impulsive ballerina's every lightning change of artistic direction was supplied by an adoring public, and the usually unrelenting Diaghilev who had first brought her to the West in 1910.

Virginia Woolf, no devotee of the dancer, identified Lopokova's magic very astutely as "the genius of personality." That Lopokova had a lively mind and a fund of native wisdom was clear to Keynes. What Bloomsbury was to discover was that Keynes and Lopokova had fallen deeply in love and ways by which they were ideally suited to each other and remained thus during the 21 years of their marriage.

Six years ago Milo Keynes edited a collection of reminiscences of Lopokova which provided a beguiling portrait of her as artist, wife, and comrade prior to the paucity of the world. He included a selection of her

letters, whose idiosyncratic grammar, spelling and artfully artless turns of phrase provided a close-up of the ballerina's wayward temperament. Now Polly Hill and Richard Keynes, the economist's niece and nephew, have edited a collection of those daily letters which Lopokova and Keynes wrote during the three years before their marriage in July 1926.

Keynes was then a don at King's, Cambridge, contributing to *The Nation*, and acting

as an economic guru. Lopokova remained in Gordon Square, in the bosom of Bloomsbury. When not dancing briefly in Paris, every day they were apart, letters were exchanged. They are notes written between lovers, each eager for the least snippet of information about how the other felt, whom they had seen, what excitements (in Lopokova's case) and activities (in Keynes's) had occurred.

But, as this need surprise no-one today when letter-writing has so largely been replaced by telephone chat, these letters are in the main staid and mundane stuff. Even after editing, and much has apparently been excised by Dr Hill and Professor Keynes, they offer the dullest minutiae

of their authors' days. Keynes tells of his writing, of college business, of the purchase of a new suit or a bit of furniture; Lopokova sees friends, dashes to Rumpelshcepp's for cakes, and writes on Keynesian economics in her own wild way, and intermittently pursues her career. Significantly, she never comments on how the upper echelons of Bloomsbury reacted to her, and with admirable tact ignores the enmity of Vanessa Bell.

The originality of Lopokova's English as she unburdens herself to her "Maynard" - she can end a letter "Warm channels" and sign herself "Your true underworld dog" - does not disguise the fact that the letters are hermetically personal, or that a book is altogether too vast a container for such linguistic charm. Keynes is loving, but hardly communicative of ideas; he is to lurch with Winston Churchill and have a gossip about politics, but we never learn of what they talked.

Brief interest resides in the footnotes to ballet history provided by Lopokova's comments on Diaghilev and Massine - ready about money - but much of the best material was creamed off in the earlier biographical collection. We are left with the intimate feelings of two people in love, whose privacy should have been respected. This collection turns us into Peeping Toms.

LYDIA AND MAYNARD ed. Polly Hill and Richard Keynes Andre Deutsch £17.95, 367 pages

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Fiction Historical romps

SEXING THE CHERRY By Jeanette Winterson Bloomsbury £12.95, 167 pages

RESTORATION by Rose Tremain Hamish Hamilton £12.95, 371 pages

THE FROG LINE by Carol Birch Bloomsbury £13.95, 248 pages

FLORRIE'S GIRLS by Maeve Kelly Michael Joseph £11.95, 246 pages

downcast, to end in a Tower in the place he loves best, restored to royal favour of a sort and the red-headed infant daughter he adored. What used to be a rather despatch genre transformed by (among others) Peter Ackroyd, is further strengthened by a novel as satisfying and intelligent as this one. *The Frog Line* is about peo-

ple on the grey fringes of today's society. It is a criminal, though sometimes brushing against police and prison; not quite drop-outs though unstable, meandering, without position, property or jobs; not quite tramps or beggars, but not far from the streets. In a plastic sack groupings of real penny: It starts, of course, in childhood, the sense of rootlessness, the need to move on. Gloria's mother is highly neurotic, her father, more plainly, a beast; home life and its atmosphere are appalling. At 16 Gloria is raped by a stranger and has a baby. Then starts a life of wandering, purposeless, unstructured, not always unhappy but apparently heading nowhere.

Despite its action, the book is neither gloomy in effect nor hopeless in feeling. Its first 70 pages are straightforward narrative; the rest is Gloria's first-person present tense narrative, passionate, spunky, tender, sometimes violent but never vicious. Carol Birch's first

novel won last year's David Higham Award and this is an excellent second effort, as few do.

Florie's Girls is also first person narrative, diary entries about hospital life in post-war London, where surnames and nicknames dole out or at least under the microscope, as if like schoolgirls with erotic yearnings. Cos comes from a farm in Ireland. Binks and Hanly and the terrible Maguire, Sister and Matron, boyfriends and doctors, pushed-around patients and the blues - and there are no neatly and often touchingly conjured with (though Cos mocks the "begonias" view of Ireland) an unmistakable Irish intonation.

Justifiably, the young Edna O'Brien comes to mind, with her similar social background, sharp eyes and experiences of a country girl in a 1950s townscape. But Maeve Kelly's voice is very much her own, neat, unflashy, often funny, often sad. Cos's lover dies in her own hospital ward and there are no rituals to see him off. "The Kerry women would have keened for Laurence," she writes. "I should have keened for him."

Isabel Quigly

Stone Age Wales

A YOUNG history student sets out in darkness to walk along ridge-way paths through the Black Mountains, searching for his missing grandfather. In the light of a rising moon he finds, not his grandfather but the lost daughter he adored. What used to be the muller, have left traces on this remote Welsh landscape.

In a series of 23 short stories (published posthumously) beginning with a family of stone masons and ending with a battle against the Roman invaders, Raymond Williams attempted not just to dramatise the past but to express modes of consciousness which are as remote from modern man as the social forms and ways of life which created them.

The early stories are of a people who are living on the edge of survival, among whom the life of the individual can only be preserved precariously, if at all, by subordinating it to the group interest. In these stories Williams movingly dramatises the interaction of personal feeling and group consciousness. Even when dealing with enforced infanticide, Williams never confirms Hobbes' unsympathetic judgment that the lives of such people can be dismissed as "nasty, short and brutish." Set against the overwhelming natural force of an ice age, they move, in all their privations, with a sort of austere dignity.

Later stories tell of the coming of the shepherd peoples who, despite their alien language, race and ways, are presented as settling down beside the hunting groups with wary mutual acceptance. Indeed Williams seems anxious to present views of human nature in which violence is seen as a shocking personal aberration. When it does burst out, its con-

sequences are shown being ameliorated by group acts of healing and reconciliation.

In contrast the coming of the warrior Celts, first as raiders then as "lords," is presented with great imagination. Nevertheless, Williams allows even these their eloquent druidic

PEOPLE OF THE BLACK MOUNTAINS, I: THE BEGINNING by Raymond Williams Chatto & Windus, £13.95, 361 pages

epokesman in *The Wise Owl and the Slave*: "We astonish the world with all the moving colours of life. And that is why we are lords, for we have taken life and shaped it, and moved in its shapes. We have made life dance to our songs, while you still creep close to the earth."

These stories are surprisingly varied and skilfully interconnected to give a sense of unfolding human possibilities. Their association with a particular locality is another unifying factor. Less satisfactory is the structural device by which Williams attempts to pull them into even closer unity. After each group of stories we return to the student, Glyn, on the moonlit ridge-way, through whose imagination and thoughts these lost lives are reconstituted. Unfortunately, the student in the moonlight is unmistakably Professor Williams in his lecture room.

Geoffrey James

One of nature's stirrer-uppers

THIS is a most disorderly book. It is not a biography of Richard Crossman; nor does it claim to be. And it is not quite a full portrait either, for large chunks are left out. The chronology is all over the place, and there is a certain amount of repetition; it seems to have been written in a hurry.

Nevertheless, it is a great pleasure to read: nearly always fun, frequently perceptive and only occasionally bitter. What else would you expect of Dallyell on Crossman?

The pair of them had a good deal in common. It was not only the Labour Party and public school. Crossman the Wykehamist and Dallyell the Eltonian; for a while, Dallyell lived in part of Crossman's London house; he was also Crossman's PPS, or Parliamentary Private Secretary, and perfectly capable of standing up to him in argument.

What the book brings out is how difficult it is to be an independent intellectual in the Labour Party - and perhaps in any party. Crossman is most remembered now for his Diaries. But that is posthumous. When he was alive, he was famous for much else besides; for examples, his book, *Peace Today*, his intelligence work in the Second World War, and his extensive knowledge of foreign affairs.

It was often said that he was on the left wing of the party and could not be trusted on foreign or defence policy. That was why Harold Wilson denied him a role in either of them when he became Prime Minister in 1964.

Yet there is a great deal in this book to show that Cross-

DICK CROSSMAN: A PORTRAIT by Tam Dallyell Weidenfeld & Nicolson £14.95, 253 pages

man's approach to foreign affairs was distinctly pragmatic. He was not automatically pro-Soviet, when much of the left wing of the party was. Nor was he by any means anti-American. When he met Richard Nixon, he swallowed his prejudices and decided that in many ways Nixon was a better US President than some of the candidates from the East Coast establishment. Nixon reciprocated the admiration.

The trouble was that Crossman never really fitted into anything. He had a lot to do with the science and technology policy that helped Labour win the 1964 election, but he was not made Secretary of State for Education. He contributed greatly to housing and pensions policy, to mental health reform and, not least, to the creation of Select Committees in the House of Commons. He believed in debate and argument; not everyone else did.

He was also a bit of a conservative eccentric. He delighted in his relations with the Queen. He wanted to write a book about Prince Albert. He spotted the potential of the young Margaret Thatcher, whom he described as "rather a pal." He was not opposed to political honours.

Dallyell claims that Crossman wanted to be a Cabinet Minister in order to be able to



Dick Crossman

write his Diaries from the inside. One suspects that there was a bit more to it than that. Crossman would have liked to have been a more successful minister than he was.

Clearly he did not suffer fools gladly. Dallyell describes him as "a thug and a basher - not quite a bully" who had "a low fed-upness threshold." He was also "one of Mother Nature's stirrer-uppers," who believed in turbulence for its own sake. Dallyell seems quiet by comparison.

Malcolm Rutherford

BOOKS For further information about advertising opportunities. Contact Catriona Jamieson 01-407-5758 01-873-3576

WILDLIFE

Picture this: a world threatened with oblivion

Peter Knight on the bleak future facing our rare animals. Illustration by John Bishop



African Elephant
(*Loxodonta africana*)
Found in sub-Saharan Africa. Killed for its tusks. Ivory used in a range of products, from bagpipes and piano keys to personal seals in Japan and complicated carvings in the East. Large tusks sold for \$300 a kilogram in Zimbabwe last year. \$82,275 was paid in 1985 in China for a carved puzzle ball mounted on an ivory tree

Toco Toucan
(*Ramphastos toco*)
Found in the northern countries of South America. Favoured as pets. Price £1,200 (UK)

Palm Cockatoo
(*Probosciger aterrimus*)
Found in New Guinea and north-east Australia. Sought after by zoos and private collectors. Price £7,000 (UK)

Chimpanzee
(*Pan troglodytes*)
Found mainly in west and central Africa. Used extensively for medical research and beach photography. Price \$12,000 in the US for one bred in captivity

Himalayan Musk Deer
(*Moschus chrysogaster*)
Musk essence extracted from pre-putial gland near urethra. Used as an ingredient in perfumes, it is claimed to increase sexual attractiveness. Wholesale price \$40,000 a kilogram in Japan

Leopard
(*Panthera pardus*)
Found in Africa and Asia. An essential exhibit for zoos. Great demand for stuffed heads and products made from its skin, such as coats and rugs. Price for live animals around \$2,000. A floor rug sold for \$1,000 in the US last year

Minke Whale
(*Balaenoptera acutorostrata*)
Relatively small whale found in most seas. Eaten in Japan. Wholesale price \$7 a kilogram

Friiled lizard
(*Chlamydosaurus kingii*)
Found in Australia and Indonesia. Particularly popular to promote goods in supermarkets and is also used in television advertising to sell cars. One-day appearance fee from \$2,000 to \$4,000

Hawkbill Turtle
(*Eretmochelys imbricata*)
Found in most of the world's warm-water seas. Sought after for its shell to make tortoiseshell products or as a stuffed ornament. Prices in Japan \$282 a kilogram for shells, \$750 each stuffed

Black Rhino
(*Diceros bicornis*)
A few still to be found in sub-Saharan Africa. Hunted for its single horn, formed from compressed hair. The horn is ground into a powder and sold as an aphrodisiac. Black rhino horn costs about \$15,700 a kilogram in China but Sumatran rhino sells for \$40,000. The horn is also in great demand in Yemen where it is used to make ceremonial dagger handles

Tomato Frog
(*Dysophus antogilli*)
This orange frog is found only in Madagascar. Much sought after pet. Price £38 each in the UK

Reticulated python
(*Python reticulatus*)
Found in south-east Asia. Favoured live by zoos and strip-tease artists. Italians particularly like the skin for shoes, belts and clothing accessories. Price £145 (UK) for a 13 ft specimen, \$30 a skin in Italy. Prices based on recent sales recorded by the World Conservation Monitoring Centre, Cambridge, UK

Greed, vanity, and a recipe for extinction

HERE IS an Eastern recipe to enhance your sex life. Step 1: Take one extremely rare African black rhino, shoot it with an automatic rifle and Step 2: Grind the horn into a fine powder. Step 3: Hold a pinch to your nose and sniff. If you can't find fresh ingredients then visit Taiwan, where you can buy powder at \$40,000 a kilogram wholesale. Snorting rhino horn powder might sound absurd to a Westerner. But is it any more ridiculous than our love for French perfume, some of which still contains the juice from a gland located adjacent to the penis of a near-extinct Himalayan musk deer? The trade in musk essence, which is extracted from the pre-putial gland just below a male deer's urethra, might be banned but conservationists claim that some French perfumers still take the pungent stuff in their products. Raw musk oil can be bought for around \$40,000 a kilogram in Japan. A little goes a long way and it is quite easy to fly from Tokyo to Paris with a bottle. Perfumers do not have to publish their ingredients. The profitable trade in wild animals and their products is supposed to be controlled

by the Convention on International Trade in Endangered Species (Cites), which meets in Lugano, Switzerland on October 9. This United Nations organisation sets limits and prohibits the trade in some species, but it depends on individual countries to police the restrictions. Some nations are a little less vigilant and their officials a lot more corrupt than others, which tends to undermine the work of Cites. Controlling the trade depends to a great extent on stifling the demand, which is driven by our insatiable desire for all things wild. The irony is that in a world in which virtually anything can be synthesised, we much prefer the natural product, even if it means the extinction of a species. Take Japan and ivory. It is traditional for the Japanese to have a personal seal, a little rod that looks something like a thick pencil and which is pressed into

PLANET EARTH



sealing-wax to leave an impression. Plastic seals do the job equally well, but a slice of elephant tusk is preferred - so much so that Japan provides one of the biggest markets for elephant tusks, further encouraging poachers to kill more of Africa's dwindling herds. The vast sums of money available for medical research has pushed up the price of chimpanzees to around \$12,000 each. Chimps are prized because of their similarity to humans. But this biological likeness does not prevent man from incarcerating his nearest relation, intentionally traumatising him, injecting him with incurable diseases and sometimes mutilating him, all in the name of science. Many chimpanzees are used in AIDS research and man's need to find a cure has undermined some of the moral arguments against vivisection. Demand is high and chimpanzee traders are making a killing.

Chimps, few of which are left in the wild, are also used for fun, to encourage us to buy more tea and to make money for beach photographers. Exotic animals have intrigued us for centuries but television has removed the need to view animals in zoos and circuses. Can we still justify caging lions and gorillas in cold countries to educate our children and provide a thrill for a dull Saturday? It seems we can, because the tradition continues. And nowhere is it stronger than in advertising. The Toucan returned briefly to promote the Guinness takeover of Distillers and pushed up the UK collector's price for this rare bird from £300 to £1,300. In the East the owner of an Australian frilled lizard can earn up to \$4,000 a day for a personal appearance by his pet to promote supermarket goods and Japanese cars. We might be accustomed to them in our tank but the use of rare animals in advertising cannot be any more tasteful than the taste in decor of the late Aristotele Onassis. He surrounded the bar on his yacht, *Christina*, with stools made from the penises of sperm whales. There appears to be no accounting for taste, unless it's a poacher's bottom line.

We are
heritage
guaranteed

DIVERSIONS

In an article three weeks ago, John Martin Robinson claimed that English Heritage was proving a "monumental disappointment." In reply, John Newman asserts that English Heritage is one of the principal guides to the English conservation movement.

We are the heritage guardians

PUBLIC BODIES such as English Heritage expect to be attacked, and accurate criticism of its performance... it is slow and bureaucratic - it is both ineffable and healthy.

John Martin Robinson's article in the Financial Times on September 3, however, did not marshal criticisms of this sort, but was a sustained attack that gave the impression that English Heritage has no redeeming feature and is in all respects inferior to what it has replaced.

He concluded with a call for its abolition. In doing this the author resorted to so many non sequiturs and misstatements - such as "doubtful surviving and depressing coming as they do from an historian of repute" - that a reply is necessary.

To begin with staff numbers. The total number of salaried staff employed by English Heritage at present is about 1,500. Of these, 220 are custodians at the 430 named sites among the 400 monuments in the care of English Heritage of which most are open to the public, the "properties in care."

A further 475 constitute the direct labour force, which is employed primarily to maintain the fabric of these monuments, most of which are roofless ruins and require regular monitoring and maintenance in order to arrest physical decay as far as possible.

Of the remaining 800 staff, about 400 constitute the academic and technical experts who are at the heart of the whole organisation. These include archaeologists, architects, inspectors, historians, curators and scientists, most of whom are engaged in some aspect of English Heritage's conservation activities.

Parallel to these, and in effect backing them up, are an equal number of administrators, without whom the "professionals" would be unable to function. Finally there are about 120 staff who deal with "office services," payroll, etc: the only members of the organisation who have no direct involvement with the protection of historic buildings and sites.

bersome implication of functions - as the 1987 Parliamentary Select Committee on the Environment believed - English Heritage simply has to accept it. Its advantage is that it allows English Heritage to ignore all purely political considerations when giving its advice - leaving those entirely to the secretary of state.

English Heritage has a formidable range of functions to fulfil. On the "properties in care" side it cares for 400 monuments ranging from Stonehenge to Osborne House, including many of the country's ruined abbeys, coastal forts and castles. It is also committed to making them more accessible to the public. Visitor numbers at the monuments have risen from nearly 4m in 1984-5 to nearly 5m in 1988-9, and admissions have risen from 1.8m to 2.3m.

Shops have been opened at many monuments, leading to an increase in sales of guide books and souvenirs from 250,000 to 1.8m a year. Total income has risen from 22.5m to 26.5m. This increase in commercial activity has gone hand in hand with an improvement in the quality of service offered to visitors at many sites.

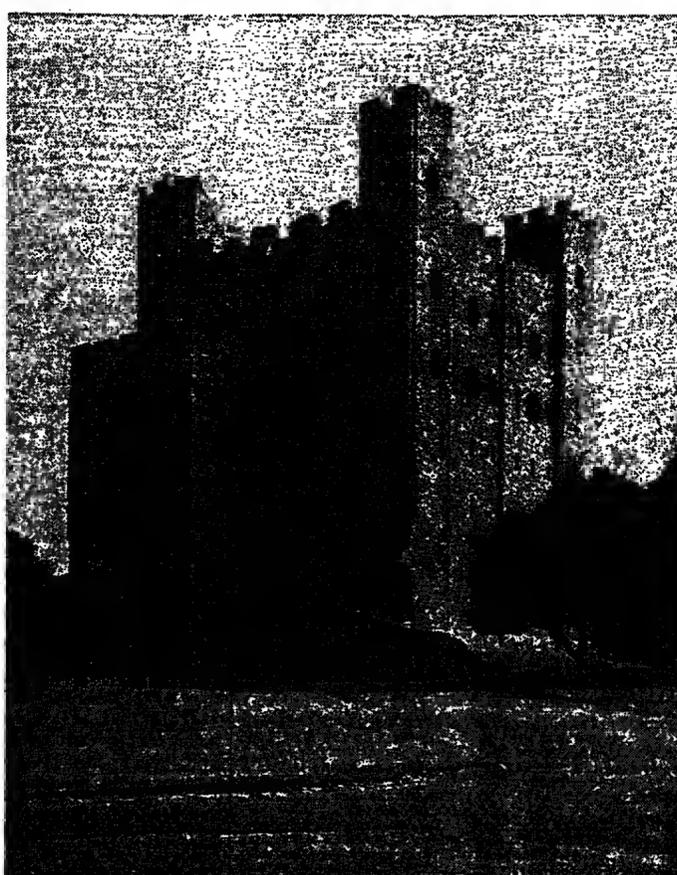
Much effort has also gone into making monuments more educationally valuable, and to this end historical re-enactments are as important as school-leavers' study packs. But obviously it would be unacceptable if these events were to damage the monuments themselves. Trampled grass is one thing, chipped stonework quite another.

John Martin Robinson's photograph purporting to illustrate the havoc wrought by an English Heritage event, shows nothing more damaging than a plank, a paper bag and a coke can lying on the ground.

On the "conservation" side, listing (of historic buildings) and scheduling (of archaeological sites) form the basis of the work. Since 1984 the accelerated re-insurance of listed buildings, set in motion by Michael Heseltine when Secretary of State, has been virtually completed. The number of items protected by listing has risen from about 315,000 to about 420,000.

The criticism that the exact number of listed buildings is not known is a fair one. It is still more disappointing that the lists are not yet computerised so that it is impossible to analyse listed buildings by type, date, distribution or in any of the other ways which would give a more accurate impression of the stock of listed buildings. The decision and the funding for this lie with the DoE.

Applications to alter or demolish listed buildings are processed by local authorities. Except in London (where the powers are different) only Grade I and II buildings come to English Heritage itself, and these all but swamp the staff available to deal with them, as the figures in Robinson's



Rochester Castle: founded in the 11th century on a Roman city wall

article show. If, as he notes, listed buildings all over the country are being disfigured by replacement doors and windows, this is due to a lack of will by local authorities to use their powers.

However, the small number of cases recommended for call-in for decision by the Secretary of State gives a false impression, for many more cases are the subject of negotiations by English Heritage officers, who are constantly giving advice to local authority planners and conservation officers. Cases recommended for call-in are those recommended by off-

arise. But call-ins and prosecutions are in the end mere fire-fighting, hitting back at the most flagrant and untypical transgressors. What most owners of historic buildings and monuments need is good advice which will help them to reconcile as far as possible their own requirements with the preservation of that part of the nation's heritage they happen to own.

The dissemination of authoritative advice about the best methods of repair and conservation should be one of English Heritage's central functions. Its Ancient Monuments Laboratory contains a group of experts probably unrivalled in the country. The five volumes of Practical Building Conservation edited by John and Nicola Ashurst, published last year, are the most ambitious publication so far, and Christopher Breerton's work, Advice Notes on Repair Philosophy and Methods, will be published in 1990. But there is much more to do in this area in making expert knowledge available in a form that can be understood and applied by the public.

English Heritage can also campaign, in a way that the old Historic Buildings Council and Ancient Monuments Board within the DoE never could. In 1989 alone it has taken a very public stance on such controversial issues as the Rose Theatre, Avebury Manor, and the proposed development of King's Cross Station. Inevitably, not everyone will agree with the stance it has taken - at the Rose, some will say, demanding too little, at King's Cross demanding too much - but at least it has shaken up the bureaucratic vice of secrecy.

The largest single element in English Heritage's budget is the making of grants. This was a well-established activity of the Department long before English Heritage was set up; but over the last five years considerable changes of emphasis have taken place. One of the most dramatic is the success with which grants for the excavation of sites threatened with redevelopment have been used to attract developer funding. English Heritage's 5m a year attracts 12m a year from developers.

Grants for historic buildings and in historic areas are increasingly seen as inducements to owners to put in hand conservation work at which they would otherwise balk.

A great effort is being made to assess the number of seriously neglected listed buildings, and a new grant scheme devised to enable temporary repairs to be put in hand so that important buildings at risk can be stabilised, thus enabling long-term plans for their future to be worked out. At present this grant scheme is in its infancy, but it shows the way the Commission wants to move, away from the traditional grant-aiding of basically healthy buildings in the hands of owners committed to their care and towards the more intractable ones whose future has become precarious. Even so, it is calculated that

at present the 22m of historic building and historic area grants paid out each year is helping to release six times that amount in other investment in the buildings.

So English Heritage is involved in a multiplicity of different activities all aimed in their different ways at the preservation and enhancement of the nation's heritage of historic buildings and archaeological sites. Does it make sense for one organisation to operate on so many fronts at once, or would it be better to split it up, as John Martin Robinson suggests?

It is hard to answer this question realistically since the alternatives proposed in the article have not been thought through at all. John Martin Robinson suggests that a "genuinely independent commercial body" should look after properties in care, allowing "unfettered marketing for tourism," yet earlier in his article he expresses distaste for any "trivialisation" of the monuments.

On listing he is wrong to say that it is already done by the Heritage Sponsorship Division; the ground work is done by English Heritage and ratified, with very rare variations, by the DoE. That is why English Heritage has an army of inspectors and the Heritage Sponsorship Division at the DoE is no more than a small group of administrators.

As for grants, he advocates concentrating them exclusively on churches. That would be manifestly unacceptable to the public and again the bodies he suggests to administer the grants would have to take on all the staff whose presence he so much deprecates in English Heritage.

It is when he comes to the London division that his true preferences become clear. John Martin Robinson would like the London division of English Heritage, and before that for the Greater London Council historic buildings division.

This latter was a proud organisation with extremely high standards in many areas, and with the great strength of local authority powers in addition to its strategic role. In recommending that the London division be returned to the GLC's successor body, he shows what he really wants: he wants to put the clock back.

Over the past five years, English Heritage has, partly consciously and partly unconsciously, developed a philosophy which does justify the spread and variety of its activities. In everything it does, in protecting and conserving, in grant-aiding and advising, in its campaigns and by its events at monuments, it is engaged in educating the public to respect its archaeological and architectural heritage.

Respect involves protection, but it can and should also lead to enlightenment and enjoyment. The "conservation movement" has come a long way over the past 20 years, and English Heritage is now undoubtedly one of its principal guides. John Newman was a member of the Historic Buildings Council from 1977 to 1984, and is a Commissioner of English Heritage.

Gardening

Any colour you like, so long as it's white

IT HAS been a year for brown gardening, not white gardening. Pale-flowered plantings have been sun-burned and all those imitations of Sissinghurst have not looked their best. Is it time that English gardeners realised there was more to life than WASPS (White And Smelly Planting Schemes), and it would not surprise one of my shrewdest gardening friends if they did.

In his view, gardeners discovered perfection when they began to segregate white flowers against green leaves during the 1880s. Like most people who have tasted paradise, gardeners (he thinks) have been trying to ignore it ever since. They simply refuse to believe that they are happy heirs to a style which they cannot ignore. Gardens of pink, purple and yellows, variegated leaves and multi-coloured grasses seem to him to be about as sensible as a holiday in Portugal if you love painting; why bother, when you could be in Italy instead?

As for the new galaxy Achilles, their rose-pinks, buff-yellows and shades of cerise are a sort of self-inflicted Tormentinos. The WASP's paradise does have its charms. Many of those white flowers do smell particularly sweet in the early morning and evening; they look enchanting at hours when the busy world is hushed and the working person walks in the garden; they combine most charmingly with a plain honest green. Doubtless like to reply that they are mid-summer wonders: what happens when all that giant sea-kale has died in the home counties and the owners are left with a bare patch in late July? Perhaps they head off to Tuscany. Actually, the doubters are wrong. White nights do not cease with the last of the orange blossom. I will prove it by drawing together my observations in bone-dry gardens during the past six weeks.

For a start, I would use scrambling white-flowered climbers up tripods of bamboo canes or over low mounds of peapicks. They give height in the later months; the white-flowered viticella Clematis Alba Luxurians is admirable, as you can verify at Sissinghurst. I would also grow the white-flowered climbing potato-flower (Solanum jasminoides Alba) because of a sheltered, south-facing green hedge. (It does not mind being dry at the roots or competing with other plants' branches.) I would also find space for mounds of the

white everlasting pea. Lathyrus latifolius White Pearl is the one to watch for: it flowers for months, is not impossibly untidy and lasts from one year to the next. You can grow it from seed (Thompson and Morgan of Ipswich) or buy young plants in the spring.

As for shrubs, I would sneak in the cream-white plumes of flower on that lovely privet, Ligustrum quihouti (which has flourished in this dry summer). If I keep on writing about it perhaps more nurseries will sell it. On acid soils, an alternative or companion would be the spikes of white flower on a Clethra.

There ought to be some hydrangeas, but they have hated this summer and even in their happy home at Hidcote,



Robin Lane Fox urges a return to basics in white plantings

The lovely lace caps have looked wretched. I would always include plants of White Wave, the round-headed Mme E. Mouillere. Several other species are good including Hydrangea Arborescens; my newly-planted Annabelle is clinging on and flowering, without water for two months. White flowered buddleias are a bit too coarse unless you choose one with grey leaves, perhaps sawlowiana alba, the hardiest. The grey-leaved Californian Tree Poppy is essential with its great open flowers and yellow centres. The White Cloud form was supposed to be free-flowering and Hilliers still sell the real thing. However, experts are not so sure about it and the trade has sometimes stretched the name to cover lesser varieties. Among the straightforward border-plants, it is quite evident that you should go for quality. This truth came home to me last month in a white-

flowered enclosure at Tintinhull. It was full of first-class white Japanese Anemones (be patient for the first three years), masses of white-flowered agapanthus and some grey-leaved perennial stocks. I would add the enchanting white penstemon Snowstorm which is more hardy than not.

The ones to avoid are the coarse green-leaved fillers which have spikes of off-white flower. Artemisia lactiflora sums them up, a truly august plant which looks off-white and off-peak in smart company. White Galega is also too leafy, although the long bottle-brushes of flower on the Cimicifuga are better because they are not encumbered with plain foliage. I have a soft spot for the tall white Veronica virginica alba which is now available again from nurseries such as Hopleys at Much Hadham, Herts. It looked wretched this summer in dry weather, but it does stand up to six feet or so in more usual conditions.

The white mallow, Lavatera Barnaby, was bred in paradise, but it is not, I think, a natural in all the company as it is tinged with too much pink. White hollyhocks are better value together with the very clear white of the wild Malva moschata alba. Be warned against white Epilobium which is spreading through nursery lists as fast as it runs through a garden's borders.

In the front row, I would prefer the best white-flowered hosta (Plantagine) it has fresh green leaves and scented white bells of flower, but it is not to be judged in this dry weather, which it hates. White lilies (Speciosum album, above all), white cactus-flowered dahlias and white Summer hyacinths (Galtonias) are available from most bulb catalogues and will cover a multitude of gaps.

Lastly, what about the roses? It is absurd to look down on a variety because everybody grows it. In two gardens, I was captivated by the August performance of groups of the unstoppable rose Iceberg which was flowering for a second time in beds of segregated white against green hedges. Why not try Pascali, you may wonder, or even an ice-white Virgo? They simply do not perform as well and I think you are merely confirming my shrewd friend's observations. Having found the best, we try to ignore it: the all-white principle is summed up in all-white Iceberg and it refutes the view that white planting has had it before the summer itself has peaked.

A society worth saving

MOST HORTICULTURAL societies and clubs are aimed at adults but there are a few exceptions, one of the most notable being the London Children's Flower Society.

This was started after the Second World War as an offshoot from the London Garden Society, which had been founded long before but had been inactive during the war years. In 1945 it was reactivated - thanks mainly to the enthusiasm of one Helen Nussey - and it was at one of its early meetings that a Mrs Alice Street talked of the lack of opportunity for many London children to engage in any form of gardening.

Alice Street made a very simple suggestion. Organise a daffodil competition, she said, open to all the schoolchildren of London, one in which the bulbs would be grown in pots - if necessary on a window ledge - or standing in any space available where there was good light.

Make it easy for the children by giving them the bulbs and also short, simply-worded instructions for growing them, and get skilled volunteers from the public parks, horticultural societies and other places to come and judge them free of charge. Give the children medals, certificates and other proof of their achievements and encourage the schools to participate by awarding them points based on the success of their pupils, with prizes to mark these corporate achievements.

And so the London Flower Lovers League was born. For many years it was run from Alice Street's own home, with her as chairman and Helen Nussey as organiser. When Street died in 1986 an office had to be found, but expenses were still kept to a minimum and plenty of voluntary helpers were available.

They needed to be, for the scheme grew far beyond anything Street is likely to have thought likely at the outset. As many as 100,000 daffodil bulbs could be required each autumn to meet the demand from several hundred schools. Soon there were requests for a summer competition to follow the daffodils and this was met by offering the children seed

of easily-grown annuals. At first the number of varieties was restricted to two: nasturtiums and candy tufts, chosen because they could be germinated reliably without any artificial heat and could be grown successfully almost anywhere. Of course, it was not enough; nothing ever is in gardening, which grows naturally because of the enthusiasm it generates. Two more hardy annuals were added: annual alyssum and godetia, also easy and reliable and, like the first two, certain to flower during the school summer term.

Further expansion of the work of the society came when many schools wished to have some recognition for their gardens, and so a competition was arranged for these. Not all the London schools had gardens but the very fact that there were now tangible rewards for such enterprise encouraged them to look for waste land which could be cultivated, or to work wonders with plants grown in tubs, boxes and other containers.

In 1967 the league was registered as a charity and in 1975 its name was changed to the London Children's Flower Society. Quite early in its existence the Queen Mother had become deeply interested in its work; as a result the highest award that can be won by a school garden is now the Queen Elizabeth Cup. Indeed, when the Queen Mother visits the gardens of the London Gardens Society, as she likes to do each summer, she always finds time to see one of the school gardens.

The London Children's Flower Society is now entering its 48th year and during that period has flourished without any major alarms. Now, for the first time, its very existence seems to be threatened. The Inner London Education Authority (ILEA) has for long been one of its major sources of finance and in recent years has granted it annual sums of around £11,000. But ILEA comes to an end next March in a government reorganisation, and there will be no more money from it after that. The 1990 activities seem to be assured since the daffodil bulbs, all 70,000 of them, have already been despatched to the

450 schools taking part in the spring competition. Arrangements are also complete for despatch of seeds to the 250 schools in the summer competition. The school gardens competition does not involve a lot of cash since all the judging is done for the love of it, and the cups and other trophies are there to be won time and time again.

But who will pay the bills for 1991 and thereafter, and also the salaries of the small, part-time staff? It is unthinkable that the society should be allowed to drop out of existence simply because no-one has noticed what is happening. There must be many companies and other organisations which would be glad to support it, both because it is so worthy and because they would gain quite a lot of prestige for themselves.

What is needed is either an annual donation of the kind that ILEA used to make or, better still, a modest endowment that would ensure a basic annual income of between £12,000 and £15,000. It is a small sum to ensure the continuing enjoyment in gardening of around 100,000 children.

Arthur Hellyer

Advertisement for 'SHRED IT' by ALLEN. It features a shredder machine and text: 'DON'T WASTE GARDEN WASTE AND DON'T BURN IT! SHRED IT! The green way to dispose of garden waste. The new Allen Shredder cuts up all your garden waste into small pieces. It's easy to use, reliable, and saves you money. Call today for more information. ALLEN QUALITY SHREDDERS. 3 year guarantee. ALLEN POWER TOOLS. THE BROADWAY, OGDON, OXFORD OX1 1ES. Tel: (0223) 912929. Please send Allen Shredder details. Name: Address: Postcode:'. There is also a small illustration of a person using the shredder.

DIVERSIONS

Is there life beyond the fringe?

Paul Abrahams wonders what influence he can bring to bear on demon barbers

ON THE whole, the philosophical case for free will seems fairly strong. But, somehow, within the geographical context of a barber's chair, determinism takes control.

The problem is that when seated in front of a mirror with a large bib tied around my neck, there appears to be no mechanism for controlling what is about to happen — certainly, not how I'm going to look for the next three weeks before the cut grows out. Indeed, any attempt to influence the outcome of this bi-monthly and unenjoyable event seems to have an adverse effect — the result seems to be worse than if nothing had been said.

The whole unpleasant experience is made all the more traumatic by having to stare at oneself in various states of bedraggled hair for at least half-an-hour, if possible, as you spend as little time as I need in front of the mirror in the morning. While having a haircut, however, there is no alternative. The office-induced air-conditioned parlour is all too apparent and the lines that used to appear only during particularly bad hangovers are starting to look permanent.

Colleagues who wear glasses tell me that they, at least, avoid this sort of unpleasant self-examination by removing their spectacles before the ordeal. But the disadvantage of doing this is that they then have no idea what is happening until the cut is finished. If you can see, at least the shock is spaced over a period of time rather than concentrated in one horrendous moment.

Given the apparent impossibility of influencing the outcome of this unpleasant event, the necessity of choosing a good barber should be of paramount importance. But gone, alas, are the student days when a £2.50 cut would suffice. The experience wasn't necessarily always agreeable but there was an air of familiarity about it. After the cut, the barber would always ask if something was required for the



Paul Abrahams braces himself for the barber's blade

weekend. (He would even do this on Monday obviously thinking students planned these things well in advance — and this was well before condoms became fashionable).

Admittedly, for £2.50 the cuts were not of the highest calibre. There was one barber — truly of the old school — who claimed that one cut was much like another. The only one that was really different, he said, was the Tony Curtis cut. There had never been anything like it before, nor anything since.

Certainly, no haircut resembled any other. Part of the reason for this might have been that there was no distinct style for students to adopt early in the 1980s. *Charlton Heston*, *Bridhead Revisited*, *The Sloane Rangers' Handbook* and the Falklands were only just beginning to make a mark. The shorter cuts associated with tweed jackets and brogues were not as prevalent as they were to be later.

Now, however, the pigtails, enormous fringes and shoulder-length hair of the late 1970s and early '80s mostly have been abandoned for cuts of which my father could be proud. Short back and sides have had their revenge.

In the quest for this new but classic cut, and the traditional but reliable barber, a nine-month experiment was undertaken involving a visit to four very different practitioners.

The first cut was received at Atlas Associates where I paid (on expenses, I hope) £22 — more than twice what I had ever paid before. Richard Stepney, who did the job, explained that men are spending increasing amounts on clothes but still seem to stint themselves on their haircuts. "The first thing you notice about somebody is their hair," he said. "The haircut is an important part of images and yet, most men are willing to risk a bad one which will show all too obviously for weeks. What we offer is consistency — we have no juniors — and the possibility of good, but understated, haircuts."

This sounded good news and

the cut looked pretty good to my untrained eye. It also seemed to grow out quite well, too. Others were less sure, though. One of the other unpleasant aspects of haircuts is the way the ultimate judges, your colleagues at work, insist on commenting. They decided the cut made me look like an extra from the film *Wall Street*. The money spent at Atlas Associates gave me, they said, the sculptured look of a *Ronald Reagan*. Most were also horrified at the idea of spending so much on a single cut. The prices they quoted as being reasonable ranged from £5 on London's Hackney Road to £9.50 in the City or West End.

Deciding to forsake Hackney Road, I set off instead to Hackett, situated in the new Moss Bros clothing store in Covent Garden. Don Hart, who runs it, explained that it is a traditional barber-shop. Traditional this £8 haircut certainly was — right down to sharpening the cut-throat razor on a long piece of leather before it was applied to my neck. I haven't seen such panache outside a

western film. Complaining that the previous cut was uneven, Don proceeded to give me what he described as a "perfect" cut. To me, it appeared identical to his own.

Eight weeks later I set off to Khops, founded in 1945 and the oldest-established barber in the City of London. Khops has an international clientele — the staff have even picked up some Japanese hair-dressing terms — and is also one of the favourite locations for employees of the *Financial Times*. Indeed, one of the more senior journalists at the newspaper receives a 20-minute shave there every morning while being serenaded by classical music, usually Mendelssohn.

Proprietor Lionel Lee, and the rest of his team, disagreed with the premise that it was impossible to influence a haircut. Many customers had definite views of how they wanted their hair, he said. Without dissenting, but without giving precise instructions, I asked for something practical and was given a "club cut," a classical shape which, Lionel explained, could be washed, combed and left and needed little attention. It cost £9.50.

The experience was accompanied by the usual razor and liberal lashings of eau de cologne which, apparently, is a traditional "friction." Its main impact was to offer a nasal souvenir of the visit during the rest of the day when downwind of myself. Thankfully, another traditional friction, Bay Rum, was not used.

In fact, the Khops' cut looked pretty good to me, particularly at the back (although I'm not the best judge because I look at it only every eight weeks or so when I go to the barber). Hair is an important factor in looking neat," said Lionel. "There's no point spending money on shirts, ties and suits and then spoiling the effect with a bad hair-cut. It can wreck an otherwise good impression."

That, I thought, was the quote with which to end the piece. Unfortunately, the *Weekend FT* editor had other ideas. He decided he wanted to compare these up-market cuts with

Harry Ramsden's: the place to be seen

IN 1926 Harry Ramsden, aged 42 and a successful fish fryer in Bradford, West Yorkshire, was advised to move to the country for the sake of his wife's health. He borrowed £150 and built a small wooden hut by the tram terminus in Guiseley, 10 miles north of Leeds, in which to carry on his trade.

His reputation for delicious fish and chips spread and in 1931 he borrowed £5,000 from his suppliers, bought a 2.4-acre site across the road and five years later opened the "largest and most magnificent fish and chip emporium in the land." Today, this "emporium," which includes an adjoining takeaway and can seat 168 people, serves about 1m customers a year and is in the *Guinness Book of Records* as "the world's largest fish and chip restaurant." Next month, it is due to raise £2m on the Third Market.

"It is unique," says Pam Harland, the assistant manager. "People think they're coming to a fish and chip café and find it's a restaurant with chandeliers, oak panelling, stained glass windows and monogrammed carpets."

"It's very traditional — I think that is what appeals to people. And the fish is fried in beef dripping, which gives it a different taste altogether from oil. Northerners do like their beef dripping but southerners must like it, too, because we get so many here and they say 'It's wonderful.'"

The restaurant is open from 11.30am to 11.30pm. At Sunday lunch-times in summer, the queue stretches round the building to the necessarily huge car park, for Ramsden's position between Bradford and Harrogate puts it on the tourist map. "They go to where *Emeraldale Farm* is television soap opera is filmed just down the road," says Pam. "Come to Harry Ramsden's, and then go on to the Brimble country. Last Bank Holiday, we had 27 coaches in one day."

There are many waitresses on duty during any one shift. They wear neat black dresses with white aprons and white black-ribbed caps although Joyce Haynes, who is retiring next year after 24 years, remembers when she wore a royal blue and white uniform to match the blue carpet and table-cloths.

On July 7 1982, Harry Ramsden celebrated his 21 years on the same site by selling fish and chips at the 1912 cost of a penny halfpenny, the price it was when he first began business in Bradford. Around 10,000 turned up. That record was beaten last year when, to celebrate its 60th anniversary, fish and chips were served at the 1928 price, equivalent to 2p a portion.

Customers were different in the early days, Joyce said. "They didn't mind sharing a table (as some do now) because they object to smokers and a lot of people used to come in regularly."

"If they weren't in at a certain time, you knew something must be wrong. At week-ends it was more like a country club. We'd get couples getting to know each other here and

shining. Many had come from miles away to be there. Everything on the brown and white table cloths has the Harry Ramsden label: there is Harry's Yorkshire Ale, Harry's sauce, Harry's own-label tea... For £5.45p you can have an extremely large portion of half-dock with chips, bread and butter, mushy (or garden) peas and a choice of tea, coffee or soft drink. Stamped ginger pudding and apple pie and custard are £1.25. Each year customers trek in to 500 stones of fish, (which hasn't yet gone metric), £500,000 of potatoes and 33,000 bottles of sauce.

There is no question of the new public company diversifying into beefburgers and pizzas. Its chairman, John Barnes, formerly managing director of Kent's Fried Chicken (Great Britain and Ireland), and its non-executive president, Carol Merryweather, a co-founder of the Merryweather group and in the fish and chips business for over 40 years, both feel that it's fish that makes Harry Ramsden special.

However, there will be changes. They plan to build a Theatre Bar with live entertainment, a children's area in one of the on-site houses, and to restore Harry Ramsden's own house behind the restaurant into the kind of home it was when he and his wife, a former waitress, lived there.

They hope to cut the queues by enlarging the restaurant to provide an extra 70 places. On a grander scale, Harry Ramsden will be spreading its wings with branches opening in Blackpool (1990), Glasgow, London and Birmingham and through franchises in New Zealand, Australia and Singapore.

Singapore businessmen have already had their appetites whetted. Three years ago, when Singapore Airlines opened a direct route to Manchester and wanted to show some of the pleasures of the South of England, they invited Harry Ramsden's to give them a taste of fish and chips. John Carter, the senior fryer at Guiseley, flew out to Singapore for a fortnight and, using a wok, fried away in the Hyatt Hotel, to much appreciation.

"Fish and chips is the one thing that is really British," says Carol Merryweather. "It is our heritage, and it's something people eat it than any other types of food put together."

Angela Wigglesworth sniffs out a British institution

then going on holiday together."

She remembers Harry Ramsden well. "He'd come into the frying area, rub a scrap of batter together in his finger tips and say 'there's something short on that.' It would probably be the salt and he knew it wasn't right just by feeling it."

"He had two pairs of trousers for every suit," said deputy manager Chris Booth, "because he was forever dropping his cigarette and burning a hole in his pants. He'd never miss a trick, though, even down to the soap, which would be ordered in particular size tubs because they were ideal for keeping the chips in afterwards. Nothing went to waste."

Harry Ramsden retired in 1954 (he died nine years later) and leased the business to his manager, Eddie Stokes, who put in the glass chandeliers and replaced the linoleum with wall-to-wall carpeting. In 1965 it was sold to Associated Fisheries and last year acquired by Merryweather, a private company established in 1985 to restore traditional high quality standards to fish and chips.

Queues at Harry Ramsden's don't seem to wait on the sun — at least not when the sun is

Wine Purses follow palates

TO LISTEN to the Bordeaux, you would believe that every vineyard in the Gironde was about to be sold either to French institutional investors or, even worse, to foreign (notably Japanese) groups. These fears should be calmed somewhat by the full list of chateaux sales over the past few years assembled for the first time by the leading French wine magazine, *L'Amateur de Bordeaux*. These show that only 14 major chateaux have changed hands in the past four years.

The *Amateur* also quotes figures provided by the Conseil Interprofessionnel du Vin de Bordeaux showing that, in an average year, only 1 per cent of the 280,000 acres of vines in the Gironde change hands, that most of the transactions are small, and that the major estates sold last year added up to only 600 acres.

Moreover, some of the biggest transactions involved chateaux already in foreign hands. When Allied-Lyons bought control of Chateau Latour earlier this year — in a deal which, for the first time, valued a Bordeaux chateau at more than £100m — the seller was the *Financial Times*, which had bought control of Latour for a mere £11m in 1962 at a time when there was absolutely no French interest in French vineyards. The pattern will be repeated when Brent Walker sells the chateau he acquired from Lombré earlier this year.

Yet, over the past few years, four major French insurance groups have invested more than £100m in the vineyards of the Gironde. In the past couple of years, two other classified growths have passed into institutional hands: Cantenac Brown has been bought by the *Compagnie du Midi* while the *Garantie Mutuelle des Fonctionnaires* (GMF) has bought control of Beychevelle.

Other major deals include the £20m sale of the Medoc's single largest estate, Chateau Larose-Trintaudon, with 420 acres of vines, to the Assurance Generale de France, the country's second-largest insurance company; while the GMF (which, as its name implies, looks after the pensions of most of France's civil servants) has bought another major estate, Chateau Beausart, with 370 acres of vines, just south of Beychevelle.

The biggest single purchase came in May 1988 when Aza

paid £27m for the second-growth Pichon-Longueville-Baron, now renamed simply Pichon-Longueville. "Since none of us has more than 0.2 per cent of our assets invested in vineyards," said one investment manager, "the scope for further investment is enormous." But the deal that really rocked Bordeaux this summer was the sale to Axa of Chateau Petit Village in Pomerol by the closely-knit Prats family, owner of Cos D'Estournel which makes some of the finest wine in the Medoc. If the Prats were selling, what family property was safe?

Outside investment in Bordeaux vineyards is, of course, nothing new. The Medoc, formerly a wasteland of scrub, was developed into a major vineyard region in the 18th century by the "Parlementaires," the legal aristocracy of

Bordeaux who were looking for profitable property investments. In the third quarter of the 19th century, a number of leading French bankers bought major properties, but interest then lapsed until the 1960s.

In 1986, American banker Clarence Dillon was offered virtually every major vineyard in the Gironde and bought Haut Brion, mainly because it was the Grand Cru nearest to Bordeaux (it was a rainy day and he didn't have much time to spare). Forty-five years later, his daughter, now the Duchesse de Mouchy, paid £2m an acre for the neighbouring estate of La Mission Haut Brion. But native French investors stayed on the sidelines. As late as 1976, when Margaux was for sale, it was left to a Greek entrepreneur, Andre Mentzelopoulos, to secure the hargain of the decade by buying the estate for £7.7m — more than £2m of which he recouped immediately by selling off the three vineyards then stored there.

So, Mentzelopoulos paid roughly £75,000 an acre for Margaux. This was a mere 14th

of the price Allied-Lyons paid for Latour — although, strictly, neither of these deals is comparable. Margaux required investment equivalent to the purchase price, and Latour had followed a policy of retaining far larger stocks than any other major chateau.

The institutions are likely to prove a useful block to foreign attempts to buy up the Gironde, although the Japanese already own four major chateaux and recently have taken a minority stake in CME's vineyards. Nevertheless, they are wary of pushing up prices: one major estate in Saint-Emilion, Chateau Guiraud, has been on the market for a couple of years but the price set by its owner, Hamilton Narby, son of a Canadian-born ship-owner, has proved too high.

In general, however, the institutions see these vineyards as an excellent long-term investment. Axa expects an initial yield of 6 per cent on Pichon-Longueville, double that available on luxury blocks of flats in central Paris (in Axa's eyes, the only equivalent to a major estate).

Claude Bebear, the chairman of Axa's Bordeaux unit and well-equipped to understand the problems posed by institutional investment in vineyards. He reasons that of the £27m paid for Pichon-Longueville, £17.7m was for the 32 hectares planted already (around £200,000 an acre — only half the going rate for prime vineyard land in Burgundy). The 15 unplanted hectares cost just £150,000 an acre, the rest of the purchase price being accounted for by the stocks and the chateau itself, which Axa is refurbishing to use as a corporate hospitality centre. (It is also planning an ambitious wine museum).

Axa has established a separate company, Axa-Millesime, to run its vineyards. It recognises that it requires specialists and has appointed Jean-Michel Cazes as manager of Axa-Millesime. His family owns Chateau Lynch-Bages and Cazes, one of the most respected figures in Bordeaux, is a school friend of Bebear. He, like his colleagues in other insurance companies — and, indeed, the rest of the French bourgeoisie — have increased greatly their purchases of fine clays since the slump of the mid-1970s. Perhaps their purses are simply following their palates.

Nicholas Faith



The deed is done

MY FIRST hand today comes from rubber bridge. Let us study True Avoidance:

N K J 6 2
 A Q 3
 8 7 4 3
 5
 K 10 8 7 5 4
 A K 7 5

North dealt at a love score and opened the bidding with one diamond. East over-called with one spade and South said two hearts. North raised to three hearts and South's four hearts ended the auction.

West's opening lead was the spade queen. The declarer covered with dummy's king, the ace took, and East's trump return allowed West to cash queen and ace and follow with a third heart to the knave.

Discarding one club on the spade knave, South crossed to hand with a spade ruff and finessed the knave of diamonds. The queen won and the contract was lost.

Let us replay the hand. Realising the danger of a trump return from East, we allow the spade queen to hold. This is what I call True Avoidance. It

does not prevent East from obtaining the lead but it makes him pay too high a price for the privileges.

West switches to the four of clubs, we cash ace and king and ruff a club with the six of hearts. East cannot overruff — it would hurt us if he could — and we return the king of spades from dummy. East covers, we ruff in hand and lead our last club, and West is helpless.

We concede two hearts but the contract is made. If East overtakes the spade queen in order to lead a heart, he sets up two spades tricks for declarer.

The next hand is from teams-of-four:

N Q 8 5
 K 10 5 3
 A J 4
 A K 9

W 9 7 5 3 2
 Q 5
 J 10 5 4 3

E A J 10
 Q J 2
 K 10 9 8 6
 Q 6

S 4
 A 9 8 7 6 4
 7 3
 8 7 2

With both sides vulnerable, East dealt and bid one dia-

mond. After South and West had passed, North doubled. South replied with one heart and went to four hearts after a double raise from his partner.

West led the two of diamonds and South took stock. There seemed to be only three losers: a spade, a diamond and a club. He played dummy's four of diamonds, the 10 won and East returned a diamond to the queen and ace.

A low heart was led. East played the knave, the ace won and West showed out. That meant another loser. Was there anything to be done? The only hope was an endplay on East, but if this was to succeed, East must hold only two clubs.

South led a spade to queen and ace, the knave was returned to the king and the eight was ruffed in hand. East was known to hold three spades and three hearts; if he had five diamonds, he could hold just two clubs.

Crossing to the club, king, the declarer cashed the heart king, ruffed the queen in the club and crossed again to the queen (this was encouraging). South led a heart from the table to throw East into the lead. The forced diamond return conceded a ruff discard and South was home.

E. P. C. Cotter

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ARTS

Authors' view of writers' freedom

Anthony Curtis listens in on the PEN congress in Montreal

FAREWELL Toronto. Hello Montreal. That has been the story of the 54th international PEN Congress this week...

Nancy Morejon, a Cuban poet, expounded on the problem of publication in a Spanish speaking island...

Meanwhile, deliberations by the official delegates on imprisoned writers and attempts at suppression continue behind locked doors...

These were all salutary interventions from the many black writers attending the Congress. More salutary still has been the constant mingling that has occurred between delegates and guests from all countries...

RICHARD STRAUSS THE ARROGANT GENIUS
VLADIMIR ASHKENAZY
ROYAL PHILHARMONIC ORCHESTRA
CRISTINA ORTIZ
MSTISLAV ROSTROPOVICH
ELISABETH SODERSTROM

MENTION London's fringe theatres and most people will think of a small black box uncomformably propped by the knees behind them...

As its reputation has grown, so have its facilities, presenting each of its six artistic directors with an inheritance reflecting their times...

Attempts to do so have not always been kindly received. James Rose-Evans, who founded the theatre originally in a church hall in Hampstead...

"Those were the real pioneering days. It makes me smile wryly to see the huge staff they've got now, when I used to man the box office, sweep the stage, choose the plays and direct them...

The pioneering spirit began to flag with the failure of a £10,000 appeal to finance Stage Two...

Daring paid dividends

The Hampstead Theatre is 30 years old. Claire Armistead reports



Michael Rudman



Jenny Topper with Michael Attenborough, James Rose-Evans, Vivian Matalon and David Ankin

stick to its policy of doing new plays, it was in a way a very rigid place. There was a case to be made for remounting plays that had been mounted at the wrong time or in the wrong production...

An initially happy time, began to go bad when the commercial tag was resurrected and an increasingly vitriolic campaign mounted by Time Out, the London listings magazine...

Royal Court went through a very bad period and everyone started to think small theatres were important. We became, if you like, fashionable...

It was partly in an attempt to offset its newfound worldly success that the theatre decided to give Mike Leigh his head with the devised play that was to become Abigail's Party...

Rudman arrived at Hampstead on the opposite trajectory to Matalon, after a stint at the Traverse in Edinburgh...

ated his administrator and Oxford contemporary David Ankin as his successor. In his National Theatre office, where he is the administrative executive, Ankin looks back with affection on days when "I never knew what a memo was, when you raised your voice and the whole building knew what you were thinking...

He maintains that the most courageous decision made by the theatre board during his time was to turn down the offer of new purpose-built premises. "I was terrified that the obligations and the upkeep of the building would destroy the policy," he says...

he staunchly defends the theatre's obligation to follow its successes through. "If there's a play that can be exploited commercially it's important to do so because most artists are lucky if they write two or three commercially successful plays in a lifetime..."

If David Ankin presided over Hampstead's decision to stay as it was, his successor Michael Attenborough masterminded a drive to make the best of itself: his four-year stay saw its backstage facilities balloon, while the auditorium gained a row of seats and plans were laid for a plush conservatory-style extension to the foyer...

With gathering momentum the theatre began to collect awards and transfers, raising the old phantom of commercial worldliness, while stubbornly resisting all attempts to identify the typical Hampstead play...

As an administrator, he found himself increasingly bogged down by the "boring and onerous" job of courting funding in an era of shrinking subsidy - a cross inherited by the theatre's first woman director, Jenny Topper...

Topper, like Ankin, a non-directing director, came to Hampstead from the smaller Bush with an artistic policy that unfolds on two fronts. "Firstly to do new plays to the highest possible standards, which means getting writers to do the best possible at their stage of development, and giving them production that will inspire them; secondly, to give audiences a good night out. If you can make those two objectives work together, and occasionally grind against each other, you might produce some sparks..."

The profile of an essay is so debased a genre...

country have forgotten. If they ever cared, that the work of Kenneth Tynan (1927-1980) was not only great criticism, it was also great writing. Lesser pundits of the New Right - Paul Johnson in a recent book, Frank Johnson in last week's Sunday Telegraph - have taken to picking on Tynan in the most gratuitous and facile manner...

The power of the pen

his collected work. The subjects range from the portrait of an Oxford contemporary, an Isis idol, to four of his full-scale New Yorker profiles - Ralph Richardson, Tom Stoppard, Mel Brooks, Louise Brooks. These last four together with the excluded Johnny Carson were the subject of his last collection, Show People, which I remember the Marxist playwright Trevor Griffiths, whom Tynan had commissioned to write Olivier's last role at the National, denounced as decadent. Why write about Richardson and Stoppard, he complained, why not Jonathan Pryce and John McGregror Tynan obviously had an unenviable knack of upsetting aesthetic and political arbiters of all colours, a knack he preserves beyond the grave...

work as a critic was a sense of the individual achievement... His reviews have less to do with judgement than with evocation. Above all, he was an enthusiast, which is why he wrote best about people he admired. And often in admiring them, he made it his business to get to know them. He was the best kind of snob, a talent snob. Occasionally, as in the case of Nicol Williamson, the subject never forgave the intrusion, having felt that dinner parties and drinking sessions together had somehow prohibited the exercise of objective assessment...

read Tynan's thumbnail sketches of Sid Field, W C Fields, Lenny Bruce, Eric Morecambe, Greta Garbo or Gordon Craig. Even over two or three pages, the density of description, the quality of analysis, the depth of experience and range of reference, are streets ahead of anything you read in the mountain of today's showbiz puffery. And as an essayist, performing at the middle distance of 30-odd pages, I would only willingly rank him with Hazlitt and Lamb. He is more worldly than Shaw, more fun than Levin, more interesting than, well, the Johns. Even Martin Amis, whose best critical profiles, The Moronic Inferno, is the nearest we have to a sustained Tynanesque performance in the colouring format, pales in comparison on the density and research fronts. (Am I, incidentally, the only person to have remarked the astonishing vocal, physical and temperamental similarity between Tynan and the double-mugged novelist? Are they by any chance, related?)

ally, the only person to have remarked the astonishing vocal, physical and temperamental similarity between Tynan and the double-mugged novelist? Are they by any chance, related? Kenneth Brnham is invited as the new Olivier: let's see off with a terrible handicap. Unlike the gay bar, he will have no Tynan to memorialise him. "Selling the package" he has started memorialising himself in the nicest possible way. His first volume of autobiography, Beginning (Chatto & Windus, £12.95), is an ingenious, understating account of his Belfast background, his education in a Reading comprehensive and at RADA, his surge to stardom and his founding of the Renaissance Theatre Company. Along the way there are some well-observed, amusing asides about the Royal Shakespeare Company and its poor record of company-care in recent years. I note that Trevor Nunn has taken up enough already.

C'est charmant! c'est divin!

Records. The first set of Le Comte Ory in existence. In the 1950s, when the work was regularly given at Glyndebourne (surely its ideal home), the great conductor Victor Gu and a Glyndebourne cast into the studios; that recording, long out of currency but cherished by all Rossinians, has held its place as a small miracle of ensemble opera. Gu, a heaven-sent Rossini conductor, will not be displaced even now, since his native Italian command of "singing" pace and rhythm remains unequalled, and his Ory, Juan Oncina, had a felicitous exactitude of comic touch that Phillips's John Aler finds hard to match - good as he is, and clearly poised when nipping high above the stage. In all other respects, however, the new recording marks a huge improvement in standards. It is without Gu's numerous small cuts, better recorded (even for its own day the HMV sound was bony and cramped), much better played, and on the whole infinitely better sung. Its star is perhaps Diana Montague as the lovelorn page Isolier, deliciously bright and fluent of tone, stylish in attack, impeccably "French" in delivery. The young Korean Sumi Jo is the languishing Countess Adèle: on occasion she reels off the words parrot-fashion, but her shining, flexible soprano has a low-register warmth not usually found in singers of her type. Quilico (Raimbault) and spread. Miss Bartoli is young, Italian, lively of temperament. The voice glows with lustrous vibrancy and fullness of tone across a wide compass, and races with glorious Latin exuberance up and down the scales and flourishes - she may not yet be absolute mistress of agilità, but there is still plenty of time for the final stages of development, provided her career can be guided on the right lines. The International Superstar treatment, already evident in Decca's gashy cover photographs, is the last thing this precious singer needs. The French EMI "Intégrale" of Albert Roussel's songs is a collection of enormous value. It follows the same company's compilations of Fauré, Debussy and Ravel, and is evidently the brainchild of the series' pianist, Dalton Baldwin, whose mastery of the French mélodie idiom deserves boundless admiration. Given the general neglect of Roussel's music, it is no doubt a waste of breath to regret that so few recitalists explore his songs in any depth - only "Le Bachelier de Salamangue" and "Jazz dans la nuit" can be counted at all familiar items. The wealth of treasure to be dug up in these discs makes one realise just how absurd the situation is. As a composer Roussel was a late starter, and only an intermittent songwriter throughout his life. It is nevertheless fascinating to measure how precisely the development of his artistic personality is reflected in the flow of songs (in this respect I should have preferred a chronological Superstar to the collection rather than the random groupings for each of the four chosen singers).

Max Loppert

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ARTS

Playing safe on Broadway

Frank Lipsius reports on the start of the New York theatre season

WITH THE prospect looming of a shortage of musical houses by Christmas, New York is anticipating the most active new theatre season in memory. Never mind that one of the best venues, the Mark Hellinger, has been leased to an evangelical church for five years; that deal proved how bad the prospects were after *Lags Diamond* flopped there at the beginning of the year.

The season began last week at the Neil Simon with *Orphans Descending*, directed by Peter Hall. Vanessa Redgrave recreating her West End role of Lady Torrence. Tennessee Williams had always wanted to write a role for Redgrave, an instinct he did not live to see to fruition. And frustration there certainly is; ripe bones, too, in Redgrave's Broadway decision to appear naked in the scene where she consummates her passion for the drifter Val Xavier (Kevin Anderson).

Anderson and the support American cast do not match the Redgrave panache, even sifted through a thick Italian accent. Though competent and attractive, Anderson lacks the

gravity and magnetism that should outweigh his youth. Stacey Shilton as Bewick Binings, the gossipy chorus of Two Rivers County, seems more appropriate to *The Music Man* than to Williams' rambling but relentless tragedy of Lady Torrence's deluded, fleeting taste of freedom.

A new, intimate production of *Sweeney Todd* was transferred from a tiny Upper East Side venue to the Circle in the Square, the small Broadway theatre-in-the-round in the same complex as the musical's original home at the gigantic Gershwin (then the Uris). The change in scale has done wonders for Stephen Sondheim and Hugh Wheeler's conception, transforming it from a sociological treatise on London's Dickensian poor overwhelmed by the stage's industrial machinery, to an intimate study of Todd's descent into insanity.

Made up with dark rims circling his eyes, Bob Gunton grows in stature all evening as he wields the shaving knife, victims' blood spurting over the stage. Compared with Angela Lansbury's matronly Mrs Lovett, the landlady and co-conspirator of the original

1978 production, Beth Fowler is a younger, livelier woman.

Director Susan H. Schulman, principal director of the Pittsburgh Civic Light Opera, has obviously re-thought the play, taking advantage of the intimacy to emphasize the horror. A sharp railway whistle signals the end of the overture in a score effectively performed by two synthesizers instead of the 26-piece orchestra in 1978. James Morgan's set envelops the theatre in hanging cloths and eerie orange-lit windows to draw the audience into the seedy, dangerous world of cutthroat malcontents.

After a Broadway debut as director of the embarrassing comic-book musical, *Starmites*, at the end of last season, Larry Carpenter recovers with an exuberant *Private on Parade* starring Jim Dale as an improbable but perfectly believable transvestite army captain. The amateur-theatrical setting of Peter Nichols's funny, bitter view of the British defence of Malaysia perfectly fits the Roundabout, a theatre created out of a union hall's auditorium with an amateurish look too often reflected by the performances.

Dale, who has lost none of



Jim Dale and Simon Jones in the revival of *Private on Parade*

the acrobatic skills first seen in New York 15 years ago in Frank Dunlop's production of *Scapino*, could easily compensate for most deficiencies; here he need only orchestrate the antics of a well-jointed crew including John Curry, Simon Jones and Edward Hibbert.

A.R. Gurney's *Love Letters* for two elderly correspondents started as a weekend-only production. In a more permanent home at the Promenade, pairs of actors take a weekly stint at the desk. Director John Tinkler insists only that the actors read, not memorize, their roles and speak to the audience, not

each other.

The gimmick works. Some of the letters are really dialogue fragments, and epistolary premises is fractured by sedentary characters nonetheless roaming through familiar upper-crust Gurney country of private schools, charity fundraisers and politicians. Jason Robards, sonorously voiced, and Elaine Stritch, casual flightiness flecked with tears, were an ideal couple. Younger pairs who have been well received are John Rubinstein and Stockard Channing, and George Segal and Dana Ivey.

The rest of the season will be steeped in revivals, imports

and film adaptations. The current enthusiasm may wane by the time the theatre squeeze blows out into revivals of *Gypsy* and *The Unsinkable Molly Brown*, theatrical versions of *Meet Me in St. Louis* and *Grand Hotel*. Other imports slated for this season are *Aspects of Love* and *Blood Brothers*, David Hare's *Secret Rapports*, Peter Shaffer's *Letting and Leasing* and two Tom Stoppard plays, *Aristo Descending* and *Sharpe's Company*. Broadway's nearly decade-long slump affects its revival the way a heart attack would: the victim becomes more cautious.

Sea and sky celebrated

William Packer looks round the London galleries

John Houston (Mercury Gallery, 26 Cork Street W1: until October 21), one of the most distinguished of Scottish painters of his generation, has been celebrating the sea and sky-scapes off North Berwick and the Bass Rock for the better part of 40 years. The examples here of his generous expressionism are at once as fresh and characteristic as ever, but other images are afoot. The experience of his journeys to Japan of a year or two ago are resolved at last into images of the most delicate mannerism, and there are paintings of the figure too, of which the portrait of his wife, Elizabeth, in her kimono, is outstanding.

Len Tabner, a somewhat younger painter, is showing in London in *extenso* for the first time (Agnew's, 43 Old Bond Street W1, until October 20, and Vanessa Dewar, 11 Blenheim Crescent W1, until October 14). His subject is the bleak and beautiful Northumbrian coast, with the waves beating in, the wind blowing and the spray flying - all positively Turnerian, at least in its physical commitment, and the more energetic the better.

He is, however, no high Romantic visionary, but a natural expressionist, his vision immediate and mundane, fixed upon what it means to be out in wild weather in wild country. But the conspicuous display of energy for its own sake is always dangerous, and there are moments when one feels that the work is running on a bit free. The sketchbooks, intimate, direct, unself-conscious, show the truer artist and one clearly to watch.

Peter Howson (Flowers East, 199 Richmond Road E8: until October 22) is one of the brightest of the young stars that burst from the Glasgow School of Art in the mid 1980s. What first caught the eye were his small paintings and drawings of boxers and body-builders, and his smaller works remain the more impressive for being the more straightforward. But he is remarkably prolific, and here is a gallery full of huge figure compositions, all drawn from the imagination. Their essential subject is the violence of the collective male, whether implicit and contained, as in his group of rowers striding out together, "The Fools of God", or openly murderous and fascistic, as in "The Death of Innocence".

These are impressive works,

as much for their sheer ambition in the scale of the technical problems that they take on, and their symbolic intention, as for their actual accomplishment. The danger is again that with so much to do, the attempt itself becomes the justification. Howson is inclined to lean heavily on a certain graphic short-hand and exaggeration, which is a pity, for his work is powerful and energetic enough without such grotesquerie.

Christopher Couch (Marlborough Fine Art, 6 Albemarle Street W1: through October) is a symbolist who works directly from the figure. The model lies on the bed in a darkened, empty room, another woman perhaps stretched or seated beside her, or the artist himself watching over her. The mood is heavy with unspoken, insistent, ambiguous relationships. Again the scale is ambitiously grand, and again technical considerations tend to qualify the intended effect. Where, in the smaller canvases, concentrated upon the image of the head, Couch's intense vision is convincing enough, writ large too much is left unattended, unresolved, unmodelled. When so much is attempted, mere indication and suggestion are not enough.

Anita Taylor makes an impressive debut (Berkeley Square Gallery, 23a Bruton Street W1: until October 14). Her fresh and lively oil studies, of girls alone or in pairs, declare an obvious debt to Paula Rego, both in mood and imagery. The large works, however, show her moving into territory very much her own, no less overladen with sexual threat and portent, but very lightly born on such a scale and stated with fine facility.

She shares the gallery with Lucy Ross, whose work is as bright and decorative as ever it was at the Royal College, but has yet grown tougher and less obvious. The imagery of classical columns and fragments of statuary is now reworked and overlaid to make for a denser and more complex surface. She is taking more risks and her work is the better for it.

Finally, at Anne Berthoud (10 Cliford Street W1: until October 7), are two large paintings by the late Peter Kinsey, depicting simple images, of four white sheep on a green field on one side, and a white house on the other. They are fine paintings by an under-rated artist.

Bit of a solo boogie

Alastair Macaulay reviews Gaby Agis at the Lilian Baylis studio, Sadler's Wells



Gaby Agis in *Dark Hours* and *Finer Moments*

SILLEN, dark-haired, pale-skinned, full-breasted, heavy, clumsy and committed, Gaby Agis used to exert a memorable force in the works of other new-dance choreographers. She showed no kind of physical, technical or dynamic sophistication, and that was the point. She'd fling herself around, collapse to the floor or stamp on the spot with a weighty intensity that was striking just because it was raw.

As a choreographer, she's never been radical, original or innovative. (Well, those aren't, after all, adjectives we've often been able to apply to British dance, which has mainly been concerned with making local variations on foreign initiatives.) Much of Agis's work has been accidentally, perhaps a re-birth of fragments of modern dance experiments of 15 or more years ago. Women have run around in heavy boots, have flung iron round the stage, have moved around a

building with the audience following them. And all that old post-modern hat. What has been boring about this is the stolidity and timidity with which Agis has pursued it.

Not that she doesn't learn or develop. Her latest show, *Dark Hours and Finer Moments* in the Lilian Baylis studio at Sadler's Wells, is only an hour long, and has somewhat more variety than any of her previous work. It shows a new interest on her part in certain basic features of academic dance technique, and it uses a text by the fiction writer Kate Pullinger. And so Agis and her four female colleagues are seen sometimes to extend stretched legs and/or pointed feet, and are sometimes heard to speak. There is even a cartwheel and a bit of solo boogieing. The text consists of fragments of monologue, in which women talk of travelling alone. Agis has never before come so close to conventional theatricality.

Most of the movement is pedestrian, the arm-gestures

watery. Though each woman is an individual - different accent, different movement style - you learn little about women in general or these women in particular, from this show. What you see and hear is a soft-centred collage of trite attitudes and observations, with music to match.

In one episode, Agis and three others move back and forth across the stage, repeating a basic step-and-gesture pattern. They're not uniform in it, but they don't make their differences interesting. Agis dilutes them all to the lowest common denominator. In its well-intentioned way, this drab show degrades women as completely as many more populist and traditional spectacles. And, curiously, Agis herself has lost her former force. As the hour slowly passed, it became sadly clear that she was not only the least articulate mover and least spontaneous speaker on stage, but also the least sincere.

Radio In tune with the Greens

HATS OFF to Radio 1 for its *Lead Alert* this week. All three Cortnas and Capris have been warned against leaded petrol, and tipped off that there might be free adjustment at the garage on Thursday. Radio 1 is really the green frequency; it is into the concerns of the masses, like Aids, and deals with them in the appropriate way. We even have a Radio 1 DJ in Angela Ripston's *Health Programme* (Radio 4, Sundays).

The new *Same Again*, a Wednesday series on Radio 4, dealt this week with Sue Smith, who contracted a spinal tumour while she was at school. We follow her progress from a limp at 17 to a wheelchair at 40. Sue seems an exceptionally nice person; she married the young man she had known from her active teens, gave him two children, went up to university at 30 and got a degree in English. Now she does social work.

It is a moving story, but I wonder if Sue was the right

person for presenter Jenni Mills to have chosen. She seems reconciled to her disability, though she secretly believes that other women would do better than she, and she resents the attitude of people who imagine that a crippled spine must also mean a crippled brain. But what of those poor souls who become angry and selfish, without Sue's capacity for living a full life? How would the programme have gone with them?

Last week's example was about the Maxwell family, whose 11-year-old daughter disappeared. I could not bring myself to hear it. But I have heard next week's, concerning a young couple provisionally unhurt in a plane-crash, where a headlong evacuation saved them from the asphyxiation that killed many of the other passengers. Their resultant trouble seems mainly to be a dislike of the way they behaved after the crash. I am not sure what I have to learn, though, except patience.

I was a fan of Adrian Rollini, the jazz virtuoso of the bass saxophone, and I like modern Czech writing, so I had to hear Josef Skvrle's *The Bass Saxophone* on Radio 3 on Friday. The story, dramatised by Nigel Baldwin, is told in dialogue between old Joseph (John Woodvine) and his younger version Joe (Jonathan Cullen). Joe is entranced by the bass sax of a German band that visits his war-time Czechoslovakian village, and he is persuaded to play with them in place of their regular saxophonist, ill in bed. He thinks he will be playing jazz, forbidden by the Nazis.

In fact he starts with a waltz in A minor, but halfway

through the programme, the sick player drags him off the stage and takes over his instruments. Before that happens, though, we have to hear the rehearsal, then the remnants of pre-war days. The music, composed by Graham Collier, is meant to be dull, and dull it is, in spades, and a devil of a lot of it. The proper sax player's work, "like the Adrian Rollini of your dreams," would never have done for the Charleston Chasers.

Both the Joes are decently acted, but they seldom managed to impart much interest into the play. Ned Chaillet was the director, and Art Themen played the bass saxophone. No Rollini he.

There was more sick humour in *The Emperor of Lancashire*, a sketch about the Lancastrian comic Frank Handie. Jeff Nuttall recounted his glibly anti-social behavior, and there were snatches of his act. I hardly understood any of that but the belches - and I have served in a Lancashire Regiment.

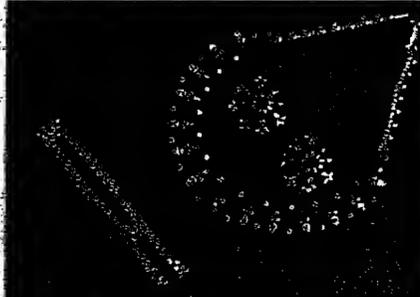
Listeners to *The Archers* as casual as myself will be pleased with the *Book of Farming and the Countryside* (BBC, £10.95, 256 pages), a companion book by Anthony Parkin, the programme's Agriculture Story Editor. It's a survey of Arbridge activities through expert eyes, with technical explanations where helpful and maps of Brookfield, the Home Farm and Brook Farm, with many photos, including 16 pages of colour. Essential for Archer-fans, enjoyable for others.

B.A. Young



Habsburg, Feldman

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12 November 89: Impressionist and Modern Paintings	Tokyo, Harae Mori Building
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Pick of the week



CHRISTIE'S

THIS POWERFUL PORTRAIT of the Russian author Iuri Annenkov (1889-1974) at the height of his powers. Annenkov was a leading portraitist in Russia in the early years of the 20th Century, and among his other important subjects were Lenin, Trotsky and Gorkii. His years spent in Paris among the avant-garde are reflected in the Cubist treatment of the street in this picture, and in the experimental use of mixed media where collage, glass and even a real bull-punch are incorporated. Tikhonov was a noted literary figure who launched "The Circle of Proletarian Writers", which contributed to the Communist Party mouthpiece "Pravda". This important picture will be included in the sale of Imperial and Post-Revolutionary Russian Art to be held at Christie's, King Street on Thursday, 5 October at 10.30 a.m. and 2.00 p.m. The sale also includes furniture, Imperial and propaganda porcelain, silver, glass, avant-garde books, paintings, prints and miniatures.

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SPORT

All the way on champagne and shaving foam

Peter Berlin studies the teams which stand just eight wins away from baseball's world championship

FOUR DAYS ago, North American television viewers were treated to the unlikely spectacle of a gang of grown men dressed in pyjamas and caps...

Orioles and the home town Blue Jays, complete their regular season with a three-game series which began last night.

Over the long haul, managers nurse their pitchers' delicate arms. In the World Series play-offs, though, there is no such caution.

The managers of the two Western teams, the favourites to meet in the World Series, represent baseball's new breed.

that La Russa could hardly help winning, so powerful was his line-up. "Anyone can write down Jose Canseco's name 182 times," they said.

Tigers, their seventh consecutive World Series defeat. The Cubs last appeared in the play-offs in 1945 against the San Diego Padres when the pennant was still decided in a best-of-five series and the Cubs became the first team to blow a two-game lead in a short series.

Robinson and Gaston have gone a long way towards disproving that theory. Robinson, for example, has kept his temper with a young Baltimore squad stuffed with mediocrity.

After firing Williams the club, with a great show of reluctance, appointed Gaston, their popular batting coach, to manage. The Jays still insist they will replace Gaston after this season, though that will be difficult if Gaston overcomes the Blue Jays' losing tradition...

GLUM AND bothersome - that seems to be the story of Mike Gerard Tyson's life to date, however many millions have passed through his hands in a brief and ferocious career that has brought him the undisputed heavyweight championship of the world.

'Iron' Mike: the viciousness that drives Marciano's heir

At the end of his new book, Fire & Fear: The Inside Story of Mike Tyson, Torres, author of the earlier and celebrated Ring Like a Bee, the story of Muhammad Ali - says that every now and then, pictures of Tyson and his life run uncontrollably through his head: the savage childhood...

have never recovered." The man had Tyson figured out, he told Torres. In the man's view, Bedford-Stuyvesant and Brownsville, two Brooklyn slums where Tyson was raised, were "Iron" Mike's concentration camps.



be honed into the youngest world heavyweight champion ever. But Gus died. And so did Jimmy Jacobs, Tyson's manager. Others went away. His marriage foundered. He became an orphan, bereft of civilising influences.

CROSSWORD

No. 7,051 Set by CINEPHILE Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday October 11, marked Crossword 7,051 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday October 14.

Crossword puzzle grid with numbers 1-28 indicating starting positions for clues.

- 1 Eminent professor's job is to hold the baby (4,5)
2 Rubbishy banter (5)
3 Bait for a demon (5)
4 Leading flintist makes Scots county more important (4,5)
5 Ancillary measure for horse that's never won (10)
6 Moth with cat's face? (4)
7 Totalitarian to take in nothing without science? (7)
8 Catch in vision of box, which one can believe? (7)
9 Dolt disguised in headgear coloured blue? (4,5)
10 Characterised by happiness reduced during sleep? (7)
11 Function of blunt instrument (4)
12 The utility of crying? (10)
13 Cosmetic look at opposite number in parliament (3,6)
14 Tease composer (5)
15 Order some consumer items (6)
16 Stuffing vehicle to dry me out (9)
17 Opening for the young to get lines crossed? (5)
18 Plant found under logs? (9)
19 Many old boys had a meat slander (10)
20 Cause distress at cliff, possibly (7)
21 Think what glass can do, (5)
22 Affected army base (4)
23 French part of European journey (5)
24 Same draft used by agricultural establishment (9)
25 Hell for criminals? (10)
26 Cosmetic with which to confront the chief? (4,5)
27 Rise of club may be with conductor (3,6)

TELEVISION & RADIO

SATURDAY
12:30 pm BBC1: 20th Anniversary of the Dambusters.
12:30 pm BBC2: 20th Anniversary of the Dambusters.
12:30 pm Channel 4: 20th Anniversary of the Dambusters.
12:30 pm Granada: 20th Anniversary of the Dambusters.
12:30 pm ITV: 20th Anniversary of the Dambusters.
12:30 pm Radio 1: 20th Anniversary of the Dambusters.
12:30 pm Radio 2: 20th Anniversary of the Dambusters.
12:30 pm Radio 3: 20th Anniversary of the Dambusters.
12:30 pm Radio 4: 20th Anniversary of the Dambusters.
12:30 pm Radio 5: 20th Anniversary of the Dambusters.

SUNDAY

12:30 pm BBC1: 20th Anniversary of the Dambusters.
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The Hitch on Four season continues with Gregory Peck and Ingrid Bergman in Spellbound, C4, 9pm
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